FINAL RESULTS REPORT

COVERING THE PROJECT PERIOD

SEPTEMBER 13, 2001 TO AUGUST 13, 2002

FOR THE PROJECT

EMERGENCY SHELTER ASSISTANCE IN MACEDONIA (2001)

A HUMANITARIAN AID PROJECT
CONDUCTED UNDER THE AUSPICES
OF THE

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
BUREAU OF DEMOCRACY, CONFLICT AND HUMANITARIAN ASSISTANCE
OFFICE OF FOREIGN DISASTER ASSISTANCE
Grant Number HDA-G-00-01-00139-00

SFL #8513

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SKOPJE, MACEDONIA
November 15, 2002

FINAL REPORT

EMERGENCY SHELTER ASSISTANCE IN MACEDONIA (2001)

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A HUMANITARIAN AID PROJECT
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November 15, 2002

1. EXECUTIVE SUMMARY[1]

1.1 GRANT RECIPIENT INFORMATION

ORGANIZATION	Shelter for Life International	**DATE OF REPORT**	November 15, 2002
MAILING ADDRESS HEADQUARTERS	502 East New York Avenue Oshkosh, WI 54901	**CONTACT PERSON HEADQUARTERS**	Norm Leatherwood Executive Director
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1.2 GRANT INFORMATION

PROGRAM TITLE	Emergency Shelter Assistance in Macedonia (2001)
GRANT NUMBER	HAD-G-00-01-00139-00
COUNTRY/REGION	Republic of Macedonia, Crisis Region, Skopje and Kumanovo Areas
DISASTER	The Spring 2001 Rebel Crisis
REPORTING PERIOD	September 13, 2001 through August 13, 2002 (grant period plus extension)
ADMINISTRATIVE HISTORY LINE	Concept paper submitted: August 17, 2001 Project proposal submitted: August 28, 2001 Pre-grant authorization letter: September 13, 2001 Grant effective date: September 13, 2001 Grant issued: September 30, 2001 Grant received/signed by SFL: October 10, 2001 Grant modification (reporting): October 26, 2001 Grant modification (vehicles): November 21, 2001 Request, no cost extension: January 31, 2001

[1] See table 1.1.1 for a list of abbreviations used in this report.

	No cost extension granted: February 05, 2002 Extension of time letter report: March 06, 2002 Field performance work for 2001 emergency response phase completed: March 15, 2002 Grant officially ends: August 13, 2002

1.3 ECONOMIC INFORMATION

PROJECT COST	$832,029.00	**GRANT OBLIGATION**	$733,533.00	
GRANT EXPENDED	$731,156.00	**GRANT UNEXPENDED**	$2,377.00	
RECOVERABLE VAT (PLANNED)	$98,496.00			
VAT RECOVERABLE	$72,500.00[2]	**VAT RECOVERED**	$00.00	
CONSTRUCTION EXPENDITURES	$455,328.00	**AMOUNT TO MACEDONIAN BUSINESS**	$455,328.	100%
DELIVERABLE EXPENDITURES	$99,095.00	**AMOUNT TO MACEDONIAN BUSINESS**	$99,095.00	100%
PERSONAL SERVICE EXPENDITURES (ALL)	$52,903.00	**AMOUNT TO MACEDONIAN CITIZENS**	$26,053.00	49.25%
PERCENT OF PROGRAM BUDGET DIRECTLY EXPENDED WITH MACEDONIAN BUSINESSES			**78.06%**	
PERCENTAGE OF TOTAL PROJECT SPENDING WITH DIRECT EFFECT ON MACEDONIAN ECONOMY			**83.27%**	

1.4 TABLE OF OBJECTIVES

PROJECT GOAL	To contribute to survival of families whose homes were damaged by the recent conflict in Macedonia in such a manner as to promote the peace process.	Not directly measurable; precatory.
PRIMARY OBJECTIVE	To provide functional winter shelter for 600 returning IDP families whose houses were damaged or destroyed during the recent conflict.	600 shelters programmed, 709 shelters created, **exceeding goal by 18%**; total families sheltered, 1,186, **exceeding goal by 97%**.
SECONDARY OBJECTIVE	To expend **60**% of the program budget with Macedonian Slav businesses.	**Exceeded by 130%**, 78% went to Macedonian businesses.
SPECIAL FEATURES	To expend at least **68**% of total project spending so as to have a direct multiplier effect on the Macedonian economy.	**Exceeded by 122%**, 83% went to the Macedonian economy.

1.5 PRIMARY OBJECTIVE, SUMMARY OF RESULTS[3]

Shelters Covered

[2] This number represents the total amount which could potentially be claimed based on actual, allowable expenditures. The exact amount recoverable will depend on the exchange rate at the time the claim is paid. The amount here is based on the exchange rate at the time of the request.

[3] This results data is shown in tabular format in Table 1.5.1.

Total shelter units repaired:	331	
Total shelter units partially repaired:	10	
Total one-warm-dry-rooms (OWDR) completed:	378	
Total constructions units completed:		709
Total non-construction shelter units served:	621	
Total living units serviced:		1340

Families Benefited

Total shelter repair families benefited:	393	
Total shelter OWDR host families benefited:	410	
Total OWDR IDP families benefited:	383	
Total construction families benefited:		1186
Total non-construction families benefited:	679	
Total families benefited:		1865

Individuals Benefited

Total shelter repair individuals benefited:	2411	
Total OWDR individuals benefited:	2212	
Total OWDR IDP individuals benefited:	1983	
Total construction individuals benefited:		6606
Total non-construction individuals benefited:	3483	
Total individuals benefited:		10089

Distributables

Total m^3 of firewood distributed:	1172
Total stoves distributed:	160
Total rugs distributed:	135
Total blankets distributed:	0

Table 1.5.2 summarizes the gross repair work done and table 1.5.3 summarizes the gross work done with regard to one-warm-dry-rooms.

1.6 SECONDARY OBJECTIVE, SUMMARY OF RESULTS

The secondary objective calls for "60% of the program budget" to be expended with ethnic Macedonian businesses. For the purpose of assessing this objective, we consider the term "program budget" to be the total cost of the project.[4] Based on this assumption, a summary of the results of this objective are:

ETHNIC MACEDONIAN EXPENDITURES

Total amount for deliverables spent with Macedonian Slav businesses:	$99,095.00
Total amount for construction contracts spent with Macedonian Slav businesses:	$455,328.00

[4] The grant uses the term "program budget" in this objective and uses the term "total project spending" in the "special program features" goal part of the grant where it establishes the measure "68% of the total project spending." (See section 2.1) We assume that the grant writers intended the same criterion to apply in both situations. We also question whether this is the best criterion for measuring effectiveness and the efficiency of implementation.

Local warehousing, transportation:	$ 16,287.00	
TOTAL ETHNIC MACEDONIAN EXPENDITURES		**$570,710.00**
TOTAL PROJECT SPENDING		**$731,136.00**
MACEDONIAN BUSINESS IMPACT PERCENTAGE		**78.06%**

Using the total program cost as the base for the criterion measure is not necessarily the best field measure because the field cannot control the non field costs of any budget. Essentially the non field part of the budget once established set the theoretical upper limit to the impact percentage. The field can control only the field part of the budget. If one assumes that "program cost" means the field budget program cost, then the business impact percentage becomes:

Total amount for deliverables and construction:	$554,423.00	
Total amount for direct administrative:	$ 12,056.00	
Total amount for national field staff workers:	$ 26,053.00	
Total amount for shipping, transport:	$ 16,287.00	
TOTAL EXPENDITURES TO THE LOCAL ECONOMY		**$608,819.00**
TOTAL FIELD BUDGET		**$654,805.00**
MACEDONIAN BUSINESS FIELD IMPACT PERCENTAGE		**93%**

1.7 SPECIAL FEATURES, SUMMARY OF RESULTS

The grant "special features" called for "68% of the total project spending to have a direct multiplier effect on the Macedonian economy." For the purpose of assessing this objective, we conclude that an expenditure will have "a direct multiplier effect" if the money expended by us is very likely to be quickly re-spent in the local economy. A summary of the results of this special feature is:

Total amount for deliverables and construction goods and services procured in the local market[5]:	$554,423.00	
Total amount for local Macedonia worker wages:	$ 26,053.00	
Transport and warehousing, Macedonia companies:	$ 16,287.00	
Office supplies and facilities, local merchants:	$ 12,056.00	
TOTAL ELIGIBLE EXPENSES		**$608,819.00**
TOTAL PROJECT SPENDING		**$731,156.00**
TOTAL DIRECT MACEDONIAN ECONOMIC IMPACT		**83%**

[5] Banking fees were a significant local cost. They amounted to $11,324.00, or about 1.5% of the total project budget. We did not consider these payments as going to Macedonian businesses or into the Macedonian economy.

1.8 SYNOPSIS

This program was an emergency response to provide shelter needs to persons in Macedonia displaced from their shelters by the 2001 rebel uprising. The program was patterned after the one-warm-dry-room methodology successfully used by USAID/OFDA in other similar situations, with some modification to account for the actual characteristics of this particular response environment. Three shelter methodologies were combined in our response: the standard one-warm-dry-room; the core area; and simple, decent repair. The nature and distinction of these methodologies is discussed in this report.

The international response in Macedonia involved both an emergency relief component and longer term reconstruction development component. The work of our program was confined to the emergency response effort. The emergency relief effort lasted until approximately mid-January of 2002, at which time the reconstruction component started. The UNHCR coordinated the shelter sector in Macedonia during the emergency response effort and for continuity continued this coordination into the spring until the reconstruction leadership became organized. We cooperated in this coordination effort to the extent that: the mix of our response methodologies; the geographic areas of our work; and the sequencing of our efforts were formed to fit the larger coordination plan commensurate with the resources and objectives of the grant.

The initial grant period was from September 13, 2001 to February 12, 2002, but was extended to August 13, 2002. All field work connected with this grant ended by March 15, 2002.

1.9 HINTS TO READING THIS REPORT

For those interested only in the results of this project, we suggest reading the “Executive Summary” (Part 1) and Part 3, “Program Performance”.

For those interested in the theoretic aspects of shelter and the impact of this theory to the performance of this project, we suggest starting this report with a review of the shelter curve, Illustration 7, followed by reading, in order, part 6, part 2, part 3 and part 4.

2. PROGRAM OVERVIEW

2.1 OBJECTIVES

The objectives of the program as stated in the proposal were:

> **Project Goal.** To contribute to the survival of families whose homes were damaged by the recent conflict in Macedonia in such a manner as to promote the peace process.
>
> **Primary Objective.** To provide functional winter shelter for 600 returning IDP families whose houses were damaged or destroyed during the recent conflict.
>
> **Secondary Objective.** To expend **60**% of the program budget with Macedonian Slav businesses.
>
> **Special Program Features.** ***Flexible Program Methodology.*** The response environment was set be a civil conflict which precluded timely and accurate assessment information as to the exact scope and magnitude of shelter needs at the time of the grant submission and approval. Consequently, SFL designed a flexible response, with "modular" shelter remedy components, which could be combined in various ways to effectively meet project objectives once the details were better known. ***Significant Macedonian Economic Impact***. At least 68% of total project spending will have a direct multiplier effect on the Macedonian economy.

These objectives did not change during the performance of the grant.

2.2 TARGET POPULATION

The population targeted by the grant was "shelter impacted displaced persons." This population was described as those persons in the crisis area of our responsibility who lacked acceptable shelter because of damage or displacement caused by the crisis. These persons were not refugees, but were internally displaced persons (IDP) so that our program did not invade the mandate of BPRM programs under the U.S. Embassy; but in fact, complemented the Embassy's shelter activities.

2.3 GEOGRAPHIC LOCATION

The geographic area of the grant was defined in the proposal as "the area consisting of Aracinovo, Kumanovo and the villages around Kumanovo." As the shelter program developed, the crisis area (all areas damaged as a result of the crisis) was defined to consist of three geographic areas (see Illustration 1). Our area of responsibility became functionally defined as "central Skopje" and "East Kumanovo" (see Illustrations 2 and 3).

2.4 PROGRAM CONTEXT

On hindsight, the shelter work in Macedonia developed a natural dividing point or phase change at the onset of winter. The humanitarian shelter work and the repair component of the repair and reconstruction recovery effort of all the crisis area housing was scheduled to be completed by the height of the Macedonian winter, roughly December 31st to January 15th. Fortuitously, this completion time created a natural break which defined the start of the reconstruction-development component of the Macedonian recovery effort. Some points to note are:

(a) This fortuitous break point eliminated any decisions regarding legal issues of title verification and building permits (see section 3.1.2(c)). Since there was not enough time to do major construction and still cover the humanitarian housing needs before winter, only humanitarian shelter work and simple housing repairs would be undertaken. The more difficult and costly reconstruction would be left for the spring of 2002. As a result, the work in 2002 logically became its own self-contained program, which was later referred to as the infrastructure program.

(b) Our work under the grant was all completed by February 15, 2002. At this point we still had unexpended budget available, but no cash because the VAT tax recovery funds were not yet received.[6] In the end, this failure of the VAT tax recovery made our grant program break in line with the natural break between the 2001 repair program and the 2002 infrastructure program.[7]

(c) One of the benefits of not extending our grant program into the infrastructure program was the fact that, about March of 2002, the shelter sector instituted a reassessment of the damaged housing stock in the crisis area to establish a new baseline for the reconstruction program. These new assessments use a different set of damage classifications, thus making comparability of the 2001 program and the 2002 program pretty much impossible, and making operation of a 2001 designed program awkward in the reconstituted 2002 infrastructure program.

3. PROGRAM PERFORMANCE

3.1 BACKGROUND

3.1.1 The Conflict. In late February 2001, ethnic conflict erupted in Macedonia when armed fighting broke out around the border village of Tanusevci (which is north of Skopje) between ethnic Albanian groups (referred to as the National Liberation Army (NLA)) and the Macedonian security forces. During the next six months, the conflict spread to over 100 villages in the north and northwest of the country, peaking after the NLA took control of the village of Aracinovo on the outskirts of Skopje in June of 2001. The village of Aracinovo is the largest village in Macedonia with a population of about 10,000. At the time of the conflict, the village of Aracinovo was 88% ethnic Albanian. On or about June 23, 2001, Macedonian forces cleared the village of all inhabitants and NLA forces, and sealed off the village. With strong support from the European Union, the United States and NATO to avert a wider conflict, a cease-fire agreement was brokered in July 2001. Illustration 1 is a map of what became officially know as the crisis area.

[6] Macedonia imposes a value added tax of 19% on all goods and services, with some exceptions (food and firewood are 5%). For a discussion of the issues involving this matter see section 3.13.1.

[7] The down side was that the magnitude of the benefits envisioned by the grant was not fully attained (see section 3.14).

3.1.2 The Government Response. (a) Establishing the peace. After the cease-fire, intensive negotiations involving the four main political parties endorsed a peace plan at Ohrid – the Framework Agreement - on August 13, 2001. The Agreement included commitments to constitutional amendments and passage of laws to grant greater rights to Albanian minorities in the area of language, education, representation in the police and public service as well as decentralization of many government authorities.

With endorsement of the peace plan (commonly referred to as the Framework Agreement) diplomatic channels were opened; peacekeeping and monitoring missions were undertaken; and two separate NATO missions were deployed: one to collect voluntarily surrendered weapons of the NLA, and one to provide protection for OSCE and EU international monitors tasked with supporting the government in re-establishing authority in crisis areas and prepare for its rebuilding.

(b) The Committee for the Repair and Reconstruction of Macedonia (CRIM). To coordinate and carry out the rebuilding of the Macedonia infrastructure destroyed or damaged by the crisis, the government created a management body called the "Committee of the Repair and Reconstruction of Macedonia" and generally referred to as "the CRIM." The chairman of the CRIM was the Minister of Transport and Communication,[8] and the membership included other government officials and selected non-governmental groups working on infrastructure, such as UNHCR and major international infrastructure focused donors. Shelter For Life International was a sitting member of the CRIM. Responsibilities of the CRIM included:

(1) Approval and coordination of the rapid, damage assessments of the crisis area.

(2) Approval of all beneficiaries to be covered by any humanitarian shelter aid program.

(3) Establishment of the policies regarding shelter building activities.

In late July and early August 2001, shortly after the cease-fire was established, the government started to undertake damage assessments in anticipation of the forthcoming rebuilding of the crisis area. For a discussion of the assessment process as it related to our shelter program see sections 3.2.2 and 4.1.4 of this report.

(c) The Application of Building Laws. After extensive debate and to make it possible for the humanitarian community to quickly begin the shelter relief effort, the CRIM established some important administrative interpretations regarding the application of Macedonian law to the shelter program. One of the most important was the distinction between "repair" and "reconstruction."

Repair was defined to mean any work not involving structural work or changes and reconstruction was any construction that required structural work. Structural work, for the purpose of the shelter program, had a much more narrowed meaning than most builders would expect, so fixing stairways, roof timbers, window and door headers, and load bearing walls was not "structural" for the purpose of the repair and reconstruction dichotomy.

[8] This Ministry was also in charge of urban planning and general infrastructure construction including housing.

As a practical matter, category 1 and 2 damaged houses were repair situations, and category 3 (mostly) and 4 damaged houses were reconstruction situations. The important ramification of the repair versus reconstruction decision was the application of Macedonian building law. Repair work could be done without building permits, land title verifications and inspection requirements. Adherence to these legal niceties would have made it impossible to perform the 2001 shelter program.[9] Reconstruction work would require conformance to these various legal requirements. The CRIM also ruled that "repair" work could be done on a category 3 or 4 damaged house if no structural work was done. This ruling would permit humanitarian housing methodologies such as one-warm-dry-room and core repairs in this damage category.

(d) Standards of Construction and Expectations. An important element of the Framework Agreement, which impacted the shelter program, was the establishment of the standards for rebuilding and the level of rebuilding attainment to be achieved in the crisis area. Under the Framework Agreement, it became the default responsibility of the government for rebuilding the crisis area. The standard of attainment which the government adopted was that buildings (which included shelters) would be repaired and reconstructed to their state of being as they existed just prior to the conflict.[10]

3.1.3 Organization and Response of the International Shelter Sector. As noted above, the general overall mission of the Macedonian government was to rebuild the crisis area to its state of being prior to the start of the crisis. This broad hope applied to the international shelter sector because all work had to be coordinated through the CRIM.

This division of construction work presented some practical problems. Repairing houses was not the only concern. There was the humanitarian issue of making sure that all persons displaced by the crisis were given adequate housing before the 2001 winter weather set in. To accomplish the humanitarian shelter goal, a house did not have to be fully repaired or reconstructed. As a practical matter, the more livable space repairs that could be made (even where that meant not fully repairing a house), the fewer the number of alternative housing facilities (such as collective centers and host families) had to be established. To address both the humanitarian housing issues and the rebuilding goal, repair became the area of concentration. As a practical matter, housing damage categories 1 and 2 were generally repair matters, and housing damage categories 3 and 4 were generally reconstruction matters. But since the humanitarian shelter force would not be available to carry through to the reconstruction phase of the overall rebuilding program, major issues occurred regarding how these two spheres of involvement would mate in terms of construction standards, assessment protocols and the hand off of responsibilities.

The organization of the shelter sector proved to be a difficult task and the overall shelter response program in Macedonian had a tumultuous start. All shelter programs were late entering the field and the humanitarian shelter effort was significantly disrupted.[11] In spite of these starting problems, their attending operational adjustments and the concomitant compressed schedules, our project stayed under budget and finished by the project deadline.

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[9] The significance of this issue is illustrated by the situation in Aracinovo. In doing the assessments in Aracinovo, the government determined that 80% of the damaged housing was illegal because they were originally built without regard for applicable zoning, permitting and taxing laws. Similar situations existed in other villages, but Aracinovo was probably the most egregious.

[10] As we will see later this was a very high standard, and created some difficult policy and coordination issues for the international aid community.

[11] For a theoretical discussion of the basis of these problems, see sections 6.6, 6.7 and 6.9.

The project was also helped by the fact that the bad winter weather did not arrive until almost the first of the New Year.

3.1.4 Areas of Responsibility and Allocation of Work. The UNHCR, through the shelter sector, coordinated the assignment of areas of responsibilities (AoR) among the various donors and implementing entities. The AoR Report Sheet (see Illustration 4) was the tangible demonstration of this coordination effort and the method of reporting relevant statistics. All work regarding shelter coordination matters was done at the weekly shelter sector meetings, chaired by the UNHCR Shelter Coordinator and held each Friday morning at UNHCR. Within this context, the actual area of responsibility for our project is explained in section 3.3.2 of this report.

3.1.5 Program Coordination. The main body of day-to-day coordination was the membership of the shelter sector working group which was facilitated by the UNHCR. The Shelter Coordinator for the UNHCR chaired the meetings and provided the administrative support. The UNHCR Shelter Coordinator worked directly with the CRIM and was a member of the CRIM. Before any work could begin, a list of the beneficiaries and the houses to be covered had to be submitted to the mayor (or leader) of the municipality, in which the work would be done, for approval. Once the appropriate mayor approved, the list was submitted to the CRIM. Although the CRIM had the authority to disapprove any work, it never did once the local authorities approved.

3.2 THE ASSESSMENT BASIS

3.2.1 Overview. All shelter work was driven off assessments. The assessment process was multi-phased and involved multiple contributing groups. All assessments (and all shelter building work) were subject to the control of the CRIM[12]. There were essentially three levels of assessments related to our work: government clearance assessments, rapid damage assessments and detailed assessments.

To our knowledge, the government clearance assessments took place only in Aracinovo. Before the village of Aracinovo was opened to the humanitarian community, the government, among other activities, conducted a general damage assessment of all buildings in Aracinovo. This assessment consisted of classifying damage into three categories: none or little (green); medium (yellow); and severe or destroyed (red). The appropriate damage color was painted on the house. This government assessment process was not linked to any other process and provided no practical benefit to the later assessments or the later shelter work. The process did have the practical benefit that all buildings were cleared for mines and unexploded ordinance (UXO).

Rapid assessments conducted under the auspices of the CRIM used teams coordinated by UNHCR and were quick evaluations to categorize the general level of damage using the category 1 through 4 protocol and estimate the magnitude of the cost of repair. A rapid assessment was conducted of the entire crisis area. The data collected from the rapid assessments was used to create the first weekly control reports used by the shelter sector coordinating body, later called the “Area of Responsibilities Report Sheets” (see Illustration 4 for an example).

[12] See section 3.1.2(b) of this report for a discussion of the CRIM.

Detailed assessments were done after the rapid assessments. Detailed assessments were undertaken by specific NGOs as the basis for identifying and performing the specific repair of houses under the NGO's area of responsibility or program definition[13] [14].

3.2.2 The Rapid Assessments (The Baseline). Basically, the rapid assessments were carried out by the International Management Group (IMG),[15] with the exception of the assessments in the village of Aracinovo. The assessment process in Aracinovo was different than anywhere else in the crisis area. Historically, Aracinovo was the first place where assessments started. Because of: the political implications of Aracinovo; the fact that the village was totally empty; the pressure being created by IDPs to return in mass to the village; and the large concentration of displaced persons, the government wanted to get started immediately with the assessment of the village of Aracinovo and its resettlement. IMG was not yet on the ground and so was not involved in the Aracinovo assessment process.

The first assessments in Aracinovo were the clearance assessments and were started on July 13, 2001. At this time, the village was still totally evacuated. These assessments were done under the auspices of the CRIM and directed by Dr. Zivko Bozinovski, an engineer from IZZIS.[16] The assessments lasted for about one week and were to determine how many houses were habitable using the red-yellow-green protocol described in section 3.2.1 above.

The basic rapid assessments were started about August 20, 2001 and were coordinated by the UNHCR under the CRIM. There were some problems in getting the field management of the assessment effort going and a number of NGOs left the effort. Shelter For Life International took over the field coordination effort on September 03, 2001 and finished the assessments. Assessment teams, which consisted of 3 to 4 persons, had at least one engineer or technician and a person from the local community. There were a total of 5 teams. The assessments were pretty much finished by September 20, 2001.

Because of the way the Aracinovo assessments commenced, assessors developed their own data capture, data storage and housing ID numbering systems, and so the Aracinovo assessment data profiles did not precisely match with those later established by the IMG and used for the rest of the crisis area. One important difference was the unique house identifier number. The data obtained from the assessment team was given to the International Rescue Committee (IRC)[17] whose job it was to package and disseminate the information to IMG and the rest of the shelter community.

To manage the assessment work in Aracinovo we created a new map of the village that located all the houses in the village with their damage category and house identification number

[13] For a description of the detailed assessment we did regarding this project, see sections 3.2 and 4.1.1 of this report.

[14] See section 6.9 for comments on shelter assessments generally and the problems associated with multi-phased, multiple contributor assessment programs.

[15] IMG is a European NGO which has mapping and engineering skills. They also developed and operated computer data systems that were used to coordinate data and activities during the 2001 rebuilding effort. They also performed these same functions during the 2002 programs.

[16] IZZIS is the Institute of Earthquake Engineering and Engineering Seismology at the University "St. Cyril and Methodius," Skopje, Macedonia. The point person from IZZIS was Dr. Zivko Bozinovski, who later also did consulting work for us during our repair effort.

[17] The IRC was under contract with the UNHCR to manage the data for the shelter sector activities in Macedonia.

(see Illustration 5)[18]. The house identification number we used was unique and also identified the team which assessed the house and the control number of the assessment document which recorded the assessment information. Later, as part of the reconstruction program, the IMG created a similar computerized map of Aracinovo (see Illustration 6).

The results of the rapid assessments, and the updating that continually occurred as the NGOs in the field reported back to the UNHCR through the shelter coordination meetings, established the basis for the Area of Responsibilities Report Sheet (AoR Report Sheet), which served as the main information coordination document for the shelter sector (see Illustration 4). It was agreed among the shelter community that the AoR Report Sheet was the best data at any given time. Our program decisions were based on the AoR Report Sheet.

3.3 OFDA RESPONSE PROGRAM

3.3.1 Purpose, Goals and Objectives. The general goals of the OFDA response are stated at section 2.1. The broad based Macedonian shelter program could be viewed as consisting of three shelter (construction) remedies: reconstruction, repair and humanitarian shelter assistance. The reconstruction phase was not an operational concern in the 2001 effort, although there was a lot of time spent discussing how the repair and humanitarian assistance phases would seamlessly mate with the later reconstruction phase.

OFDA's general mandate is one of humanitarian shelter assistance as distinguished from one of housing repair. So for the OFDA program, the relation between the repair effort and the humanitarian habitation approach was critical. The OFDA program could not be conducted in isolation from the rest of the shelter work in Macedonia. First, we had all agreed to cooperate to assure a good overall shelter program for Macedonia. Second, we had to work with and have the approval of the CRIM. Third, the project proposal envisioned that the OFDA program would be a cooperative one.[19] The original proposal also anticipated the possibility that a variety of shelter remedies might have to be combined to fit the exigencies that might then exist once the program hit the field.[20]

After weighing the various program factors, OFDA officials contemplated that our project would contribute to the repair of 300 houses: 200 in Aracinovo in cooperation with UNHCR; 100 others in the crisis area as worked out in the shelter coordination meetings; and 300 host family one-warm-dry-room shelters in the City of Kumanovo, all within the humanitarian guidelines envisioned in the proposal. As the summary of results shows in section 1.5, we significantly exceeded this contemplation.

3.3.2 The Project Area of Responsibility. For the purposes of the OFDA shelter program, OFDA divided the crisis area between its two implementing partners. Shelter For Life International was assigned to cover the crisis areas known as "Central Skopje" and "East Kumanovo." OFDA's other implementing partner was assigned to cover the crisis area known as "West Tetovo" (See Illustration 1).

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[18] The map was created by the IZZIS from our data. The only map of Aracinovo at the time dated back to the 1980's and was woefully out of date.

[19] See page 13, "Coordinate with the EU Reconstruction Team," and page 14, "Coordination and Cooperation with Others," of the project proposal, submitted August 28, 2001.

[20] See page 3, "Flexible Program Methodology," and page 12, "Implementing Strategy," of the project proposal, submitted August 28, 2001.

Once our area of definitions was set by the OFDA field officer overseeing the program, the specific areas in which we would work with repair shelter problems was negotiated through the UNHCR shelter sector coordination effort. The end result is that our grant area of work was first established as:

Aracinovo	Grusino	Mojanci
Orlanci	Ljuboten	Strima

The plan was to allocate a minimum of 300 of our planned 600 shelter units to one-warm-dry-room host family shelters in Kumanovo. For this reason and because there were problems which kept us from entering Strima, this village was dropped from our area of coverage and the City of Kumanovo was added. As a result of problems in Aracinovo (see section 3.4.5 and footnote 23 of this report), we later added a one-warm-dry-room program in the gypsy area of Sutka in Skopje. The final defined area of our work and as covered in this report was:

Aracinovo	Grusino	Mojanci
Orlanci	Ljuboten	Sutka
City of Kumanovo		

3.3.3 The Detailed Assessments. Once our area of responsibility was identified, our field personnel undertook the house-by-house detailed assessments. For those houses where we were using a repair remedy, our assessments identified the work and materials necessary to fix the houses. Each housing assessment was cost analyzed. The costed assessments were then grouped for contractor assignment and used to set the construction contract budget. The detailed assessment forms are part of the permanent beneficiary file (see section 4.1.4).

3.3.4 OFDA Program Design. The program design used in this Emergency Shelter Assistance Program was structured to synergize a number of relief and development variables. In addition to the primary objective (see section 1.4), there were some secondary considerations designed into the program:

(a) To augment or assist, where economically feasible, the repair component of the repair and reconstruction undertaking led by the Macedonian government and supported and coordinated by the UNHCR. This variable was assisted by repairing minor damaged houses in the crisis area. These houses were selected based on two criteria: that the homeowner had nowhere to go and would return to the house; and that the cost of repair was commensurate with the costs of a typical one-warm-dry-room.

(b) To provide a construction standard, where construction was a part of the shelter effort, that could be economically used and assimilated into the future reconstruction phase (planned for the spring of 2002) of the Macedonian rebuilding program. It was anticipated that the EU would become the primary leader and funder of the reconstruction phase. This variable was assisted by what was called the “core” repair model. Under this model, one or two rooms of a damaged house would be repaired in such a way that the finished product was essentially one-warm-dry-room, but the construction work would be compatible with the planned reconstruction phase.

(c) To provide a good economic stimulus to the areas in which the program operated.

3.4 THE PROGRAM IN THE VILLAGE OF ARACINOVO [21]

3.4.1 Village Characteristics. The village of Aracinovo is located 12km north of Skopje in the municipality of Aracinovo (see Illustration 1). At the start of the conflict, the village was approximately 88% Albanian and 12% others, mostly Macedonians. The village is the largest village in Macedonia with a population of about 10,000.

3.4.2 Crisis History. During the rebel conflict in the summer of 2001, the village of Aracinovo played a unique role. The village is only a few kilometers and within sight of the international airport in Skopje; it is also only a few kilometers from the major petrol refining plant and it was an active rebel stronghold. In May of 2001, as the uprising intensified, a large number of the inhabitants of Aracinovo left the village and scattered through the area around Skopje or fled to Kosovo, leaving under 2,000 people in the village. By mid-June of 2001, Aracinovo was completely controlled by the rebel NLA (National Liberation Army). On or about June 23, 2001, the Macedonian government totally cleared out the village and sealed it off. No one was allowed to return to the village, even damage assessors, until the Macedonian government went through the village and declared it safe. The first assessment teams did not enter the village until July of 2001 (see also section 3.2.2). In the first part of August, villagers were permitted to return under a strategy devised by the CRIM (see section 3.1.2(b)). The first repair and reconstruction focused assessments of Aracinovo started about August 20, 2001, and by that time, about 4,000 villagers had returned to their homes.

3.4.3 Damage Profile. The damage profile for Aracinovo as adopted by the shelter sector in Macedonia was:

Damage profile:	Category 1- 459
	Category 2- 265
	Category 3- 79
	Category 4- 60

3.4.4 Cooperation with UNHCR Shelter Program. At the beginning of the shelter program in Macedonia, the accepted category 1 damaged houses in the village of Aracinovo was 459. Under this project, OFDA authorized us to do 200 category 1 damaged houses in Aracinovo. Once that decision was made, UNHCR determined that if we would do 200 category 1 houses under the OFDA program then the UNHCR would fund us to do the remaining category 1 houses in Aracinovo. And so it came to pass. Between the two programs, all category 1 damaged houses in Aracinovo would be covered. The actual breakdown of what was done regarding these 459 category 1 houses between the two programs is as follows:

Original pool assigned to OFDA through the CRIM:	200

[21] Macedonia is divided into 123 municipalities, the black outline areas on the map in Illustration 1. Aracinovo is both a village name and the name of a municipality. The Village of Aracinovo is in the municipality of Aracinovo (see Illustration 2a) and happens to also be the municipal government as well as the village government. The Mayor of Aracinovo, therefore, wears two hats. He is mayor of the village and the chief executive officer of the municipality, and therefore, over the other village mayors whose villages are in the municipality of Aracinovo. We use the unmodified word "Aracinovo" to mean the village of Aracinovo.

Additional houses added during project:	07	
Houses partially complete, owner did not return	06	
Homeowners refused to agree to work	35	
Total houses completed:		166
Total houses partially completed:		06
Original pool assigned to UNHCR through the CRIM:		259
Houses self-fixed (no assistance needed):	32	
Homes reassessed:	04	
UNHCR houses approved for repair under the program:		231
Homeowners who refused to participate:	06	
Homes recategorized:	02	
Homeowners who did not show up for materials:	05	
UNHCR houses repaired:		218

3.4.5 Summary of Our Work. The 200 category 1 houses selected for the OFDA program included all the known Macedonian-owned houses. Later, near the end of the work in Aracinovo, 7 additional houses were added to the grouping, bringing the housing pool total to 207. From this pool: 166 houses were completed as intended with no problems; 6 of the houses were started on verbal agreement of the owners, but the owners never returned and so the work was terminated[22]; and 35 homeowners refused to sign an agreement to permit us to do work on their homes and so these houses were dropped from the program[23]. Of the 35 homeowners who refused to permit work on their homes, 28 (80%) were Macedonian families (see section 3.4.6(d)). As a practical matter, no housing work could start in Aracinovo until after October 22, 2001, the date the mayor of Aracinovo finally agreed to permit shelter construction work in the village. The first repair and reconstruction focused assessments of Aracinovo started about August 20, 2001.

Shelter units identified to us:	Repair 200 houses
Shelter units repaired:	167
Macedonian	32
Albanian	135
Shelter units partly repaired:	6
Macedonian	6
Albanian	0
OWDR units completed:	0
Unit Families benefited:	167[24]
Macedonian	32
Albanian	135
Unit Individuals benefited:	1124
Macedonian	173[25]

[22] We ceased work on these 6 houses approximately halfway through the assessed work. The total amount expended on all 6 of the houses is estimated to be about $1,500.

[23] The funds originally obligated for these 35 homes were redirected to housing work in the gypsy area of Sutka, Skopje (see section 3.9 of this report).

[24] We were unable to obtain reliable data on the number of families served so we assumed one family per unit. Experience tells us that we could have been serving approximately 223 families. We did have accurate data on the number of individuals.

[25] This number is an estimate based on 33% of the data. The total number of individuals benefited is an actual number from our assessments.

Albanian	951[26]
Distributables given to units:	
Stoves:	0
Rugs:	0
Blankets:	0
Firewood:	0
Non-construction shelter units served:	0
Non-construction families benefited:	0
Non-construction individuals benefited:	0
Distributables to non-construction families:	
Stoves:	0
Rugs:	0
Blankets:	0
Firewood:	0
Families per shelter unit:	1 (assumed)
Individuals per family:	5.4 Macedonian, 7.04 Albanian
Contractor(s):	Risto Nikolovski, Ideal Inzenering

The shelter work done in the village of Aracinovo was repair. Table 3.4.1 lists the beneficiaries served, the house identification and the GPS (if taken) for each house. Table 3.4.2 shows the total work we did in the village of Aracinovo by the type of repair work done[27].

3.4.6 The Human Story. There were a number of factors which all seemed to conspire to make the relief effort in Aracinovo an enhanced experience:

(a) An Attitude of Disingenuous. Numerous problems were encountered in Aracinovo most of which could be traced back in whole or in part to the attitude of the realm. Working with the local government and the people of Aracinovo presented some great challenges. For a long time the Mayor would not let any work start in the village until each donor trying to work in the village would assure that the entire village would be reconstructed. This position of the mayor significantly delayed the work in Aracinovo (see also section 3.12).

Once we were in the village, there was constant pressure from individuals and the mayor's office to want more and more benefits. The beneficiaries were suspicious and generally uncooperative. There was extreme reluctance on the part of most homeowners to give us any personal information. Many homeowners would not tell us the number of families living in the houses; the age distribution of the inhabitants; or the number of persons with handicaps. The mayor and the individual citizens constantly challenged our assessment to try to add more and more benefits.

[26] This number is an estimate based on 82% of the data.

[27] See section 4.1.2 for discussion of the procurement methodology. This methodology resulted in a standard list of repair items such that any repair done to any particular house was listed on the standard list.

(**b) Political and social linkages.** Because of its size and the fact that the mayor of the village oversees the governance of the other villages in the municipality of Aracinovo, the attitudes and activities in the village of Aracinovo spilled over into the other nearby villages such as Mojanci (section 3.6) and Orlanci (section 3.7). Every decision made in Aracinovo usually was brought to the other villages and distorted in an attempt to get more benefits. To help us keep track of what was happening in the region and to help us control the situation, our contractor hired as one of his workers, the brother of the mayor of Aracinovo and some workers who were advisers to the various community leaders.[28]

(c) Ethnic Political Perceptions. Aracinovo presented some political concerns right from the start. For various reasons concerns began to surface that NGOs and donors were helping only the Albanian citizens and not the Macedonians. Whether or not true, a number of events established some strong perceptions in this direction, and it was becoming a political issue within the Macedonian political process.

(d) Ethnic Macedonian Problem. Aracinovo was rapidly heading toward becoming a 100% Albanian village. The ethnic Macedonians displaced during the crisis were now living in collective centers. When we approached the Macedonian homeowners for permission to repair their shelters under our program, they were all reluctant to return. We held a number of meetings with these homeowners and their leaders, and finally reached an agreement that if they could all come back as a group at the same time, then their return would be possible. We did not have the expertise or funds to implement a community return program to cover this matter.[29] We approached various donors who worked with these types of issues, but no one was able to respond. The 28 ethnic Macedonian families, therefore, refused to sign our consent agreement and their houses were withdrawn from our program.

(e) Assessment Dysfunctions. Because the beneficiaries of Aracinovo were never satisfied, they would latch on to any excuse to try to change the work we were doing in the hope of generating more benefits. The various assessment activities became futile grounds for this manipulation. Three situations come to mind. One situation was when the assessments of the category 3 and 4 damaged housing started. The beneficiaries tried to force a reassessment of all the housing in hopes of adding more benefits. The homeowners had all kinds of reasons why the original assessment was wrong; why new benefits had to be added; and how they were being politically manipulated. There appeared to be no way to explain to them the distinction among the various types of assessments and the donor program limitations.

Initially, the UNHCR refused to reopen the assessment process once it was finalized. However, when the head of the shelter sector changed, the new Shelter Coordinator broke ranks with this policy and approved some reassessments. That change in policy created

[28] It is our general policy, noted in section 3.12.2, to try to hire local workers as one of the economic stimulus measures of our undertakings. We were fortunate that in Aracinovo we could double up on our benefits. The workers hired were good workers.

[29] A similar situation on this issue is worth noting. In the village of Matejche, (west of Kumanovo, see Illustration 3) approximately 177 homeowners refused to return unless they could all return together and at one time. Matejche had considerable fighting, damage and ethnic contention. At the time of the writing of this report, October 2002, the reconstruction sector is close to implementing a program to accomplish this block return as part of their reconstruction program.

problems. Not only did it create some control and operational problems, but it set the stage of dissention among NGOs. Not only would the beneficiaries complain about how wrong the prior evaluations and work were, but there was evidence that the beneficiaries would remove supplied material in order to acquire more. There were also situations in which repaired items were later broken (not necessarily on purpose) and the homeowner wanted them re-repaired. The homeowner would maintain that the first NGO did a poor job of installation or ignored the problem in the first place.

The third type of assessment problem occurred where there were multiple assessments by different NGOs working at different times and for different, but related, purposes. Beneficiaries couldn't (and won't) make distinctions among assessments as to types, purposes, limits, funding and restrictions. Therefore, what one NGO promises the beneficiaries expect all the NGOs to also promise. In Aracinovo, one of the NGOs who arrived later used a different assessment system, which caused the beneficiaries to think that they were shortchanged on the earlier work. This understanding gap created dissention and mistrust, and hampered the effective delivery of humanitarian shelter services.

3.5 THE PROGRAM IN THE VILLAGE OF GRUSINO

3.5.1 Village Characteristics. The village of Grusino is located 20km northeast of the City of Skopje in the municipality of Aracinovo (see Illustration 2). At the start of the 2001 year, the village was approximately 100% Albanian. The village has a total population of 1,200.

3.5.2 Crisis History. There was some, but little, fighting in the village of Grusino and the damage was fairly light. The official assessment reports in December showed only category 1 damaged houses. This village was never totally evacuated and there were no instances of retaliatory actions.

3.5.3 Damage Profile. The damage profile for Grusino as adopted by the shelter sector in Macedonia was:

Damage profile:	Category 1- 25
	Category 2- 0
	Category 3- 0
	Category 4- 0

3.5.4 Summary of Our Work.

Shelter units identified to us:	Repair 25 houses
Shelter units repaired:	25
Shelter units partly repaired:	0
OWDR units completed:	0
Unit Families benefited:	33
Unit Individuals benefited:	184
Distributables given to units:	
Stoves:	0
Rugs:	0
Blankets:	0
Firewood:	0

Non-construction shelter units served:	0
Non-construction families benefited:	0
Non-construction individuals benefited:	0
Distributables to non-construction families:	
Stoves:	0
Rugs:	0
Blankets:	0
Firewood:	0
Families per shelter unit:	1.32
Individuals per family:	5.57
Contractor(s):	Risto Nikolovski, Ideal Inzenering

The shelter work done in Grusino was repair. Table 3.5.1 lists the beneficiaries served, house identification and number of members for each house. Table 3.5.2 shows the total work we did in Grusino by the type of work done.

3.5.5 The Human Story. The activities of this village went the smoothest of all the villages in which we worked. This village was in the crisis area, but was not significantly involved in the crisis. The involvement was limited mainly to some agitation by the rebels. There was minimal damage in the village and that damage that did occur was generally light. During our work we had the full cooperation of the citizens of the village.

3.6 THE PROGRAM IN THE VILLAGE OF MOJANCI

3.6.1 Village Characteristics. The village of Mojanci is located 13km northeast of Skopje in the municipality of Aracinovo (See Illustration 2). At the start of the 2001 year, the village was approximately 100% Albanian. The village has a total population of 200.

3.6.2 Crisis History. There was a lot of fighting in this village and shooting incidences continued there even after the village of Aracinovo was resettled. Damage was heavy for such a small village. This village is just north of Aracinovo and on one of the main road routes to Aracinovo. The Macedonian forces sealed off the Northern area just above Aracinovo with the intent of keeping the rebels from seeking sanctuary in Aracinovo as the Macedonian forces moved into the Northern border villages. The seal was not very good and many of the rebels moved into Aracinovo by going through Mojanci.

3.6.3 Damage Profile. The damage profile for Mojanci as adopted by the shelter sector in Macedonia was:

Damage profile:	Category 1- 4 (an additional house added later)
	Category 2- 13
	Category 3- 4
	Category 4- 0

3.6.4 Summary of Our Work.

Shelter units identified to us:	Repair 21 houses[30]
Shelter units repaired:	18
Shelter units partly repaired:	0
OWDR units completed:	0
Unit Families benefited:	28
Unit Individuals benefited:	177
Distributables given to units:	
Stoves:	0
Rugs:	0
Blankets:	0
Firewood:	0
Non-construction shelter units served:	0
Non-construction families benefited:	0
Non-construction individuals benefited:	0
Distributables to non-construction families:	
Stoves:	0
Rugs:	0
Blankets:	0
Firewood:	0
Families per shelter unit:	1.55
Individuals per family:	6.32
Contractor(s):	Risto Nikolovski, Ideal Inzenering

The shelter work done in Mojanci was repair. Table 3.6.1 lists the beneficiaries, the house identification and the number of house members served in Mojanci. Table 3.6.2 shows the total work we did in Mojanci by the type of work done.

3.6.5 The Human Story. Mojanci is located very close to Aracinovo and activities in Mojanci were heavily influenced by the happenings and politics of Aracinovo. Mojanci is in the municipality of Aracinovo, and therefore, the mayor of the village of Aracinovo has jurisdiction over Mojanci. When we started our assessments in Aracinovo, there were still armed rebels in Mojanci, and no one was willing to accompany us to the village. Everyone, including the mayor of Aracinovo, discouraged us from trying to go there. When we started our assessments in Mojanci, none of the inhabitants were satisfied. No matter what our assessments found, the homeowner had demands for additional findings. When the villagers heard that "new" assessments[31] were being done in Aracinovo, everyone wanted their houses reviewed and the benefits increased. No one was ever satisfied. As noted in our discussion on Aracinovo (see section 3.4.6(b)), one of the ways we kept control of the situation was by our contractor having the brother of the mayor of Aracinovo as one of the contractor's workmen. This linkage helped us manage Mojanci without serious incidents.

[30] We only did category 1 and category 2 damaged houses; all category 3 and 4 damaged houses were left for the spring reconstruction program.

[31] Assessment rumors in Mojanci were created by two assessment events in Aracinovo. Once when the assessments of category 3 and 4 damaged houses were started and once when the UNHCR approved some reassessments of category 1 and 2 damaged houses after the distribution repair program had started in Aracinovo.

3.7 THE PROGRAM IN THE VILLAGE OF ORLANCI

3.7.1 Village Characteristics. The village of Orlanci is located 15km northeast of Skopje in the municipality of Aracinovo (see Illustration 2). At the start of the 2001 year, the village was approximately 89% Albanian and 11% Bosnian. The village has a total population of 900.

3.7.2 Crisis History. This is a small village, has no Macedonian residents and is all Islamic. This village is close to Aracinovo, but not strategically placed. There were some rebel supporters in this village and there was a small amount of fighting. For its size, the extent of damage was fairly large, but the magnitude was all minor (mostly category 1).

3.7.3 Damage Profile. The damage profile for Orlanci as adopted by the shelter sector in Macedonia was:

Damage profile:	Category 1- 44
	Category 2- 11
	Category 3- 0
	Category 4- 0

3.7.4 Summary of Our Work.

Shelter units identified to us:	Repair 55 houses
Shelter units repaired:	51
Shelter units partly repaired:	4 (See the section 3.7.5 for explanation)
OWDR units completed:	0
Unit Families benefited:	75
Unit Individuals benefited:	408
Distributables given to units:	
Stoves:	0
Rugs:	0
Blankets:	0
Firewood:	0
Non-construction shelter units served:	0
Non-construction families benefited:	0
Non-construction individuals benefited:	0
Distributables to non-construction families:	
Stoves:	0
Rugs:	0
Blankets:	0
Firewood:	0
Families per shelter unit:	1.36
Individuals per family:	5.44
Contractor(s):	Zoran Kirik, Set Zoran Dooel

The shelter work done in Orlanci was repair. Table 3.7.1 lists the beneficiaries served, the house identification and the number of house members served in Orlanci. Table 3.7.2 shows the total work we did in Orlanci by the type of work done.

3.7.5 The Human Story. We entered the village of Orlanci about November 18, 2001 and worked until approximately December 15th when the heavy snow prevented further travel to the village. When we stopped for the snow, we had completed about 75% of our work. We were able to return to Orlanci shortly after January 15, 2002.

We had no major problems in Orlanci prior to our return in January. On our return, we encountered some of our worst antisocial problems. We had to stop our work twice because of the conduct of some of the villagers. There were three gangs of toughs in the village, each linked with a faction of the current political structure,[32] and each gang wanted our efforts done its way. If we did what one gang wanted, the others would intimidate and interfere with our work and vice versa. Even though our contractor had hired some temporary workers from the village, they were not the right ones as far as the gangs were concerned. No matter what we did, it was not right or not enough. If we hired 2 local workers, the gangs wanted you to hire 4, and so on.

When we did hire some of the foisted-upon-us workers, these workers insisted on high salaries, and the quality of their work was poor. When our inspector refused to accept the work, the gang would not let us redo the work.

Around the beginning of March, the gangs confronted our contractor and refused to allow him to enter the village. We withdrew. At the time, we were in the process of doing the finishing work our on our last 4 houses (out of 55). Administratively, we made the decision to leave Orlanci and cancel the rest of our activities there. But before we implemented our decision, some of the people of the village called and told us that everything had been corrected and that we should return. We decided to try again.

When we returned, the situation had not changed. This time, one of the gangs hijacked one of our material trucks, and took it to the house of one of the gang leaders and unloaded the materials. The person who took the truck and the materials was one of our listed beneficiaries. He took the truck and materials because he wanted his house finished first. The materials taken were for all the remaining houses. After this incident, we terminated the remainder of the program in Orlanci. We reported the homes as partially completed and our contract with our contractor was adjusted accordingly.

Some of the other experiences in Orlanci included:

(a) A number of the homeowners insisted on not signing the consent agreement until after the work was finished, even though they verbally agreed to sign at the start of the work. After the work was completed, the homeowners would still not sign because they would come up with an extended list of other items they wanted fixed first. The gangs fermented this attitude by telling homeowners not to sign because then they would not receive additional work.

(b) The gangs kept trying to extort money from our contractor just because the contractor was working in the village.

[32] Orlanci is in the municipality of Aracinovo, and therefore, the mayor of the village of Aracinovo manages the administration of Orlanci.

(c) When another NGO entered Orlanci to start work in preparation for the reconstruction phase, tension was created because the new NGO used a different damage assessment scheme and promised to build completely new houses. Under the NGO's criteria some of the houses assessed under the IMG forms were really damage category 4 (which was not correct). Their action caused a deteriorating situation and during this period the presidency of the local community changed three times because of quarrels with the various factions in the village. Fistfights even broke out. Different factions (gangs) tried to leverage money and services from us on the grounds that the other NGO was promising and giving more, and telling the villagers that our work was not what it should be.

3.8 THE PROGRAM IN THE VILLAGE OF LJUBOTEN

3.8.1 Village Characteristics. The village of Ljuboten is located 20km northwest of Skopje in the municipality of Cair (see Illustration 2). At the start of the 2001 year, the village was approximately 86% Albanian and 14% others mostly Macedonians and some Serbs. The village has a total population of 3,500.

3.8.2 Crisis History. During the crisis, the rebels killed about six Macedonian policemen. As a result, the Macedonian forces swept through this village in an effort to avenge the slain policemen. Although the percentage of houses damaged in the village was not as great as some villages, the magnitude of damage per house was considered significant.

3.8.3 Damage Profile. The damage profile for Ljuboten as adopted by the shelter sector in Macedonia was:

Damage profile:	Category 1- 58
	Category 2- 12
	Category 3- 6
	Category 4- 6

3.8.4 Summary of Our Work.

Shelter units identified to us:	Repair 70 houses
Shelter units repaired:	70
Shelter units partly repaired:	0
OWDR units completed:	0
Unit Families benefited:	94
Unit Individuals benefited:	550
Distributables given to units:	
Stoves:	0
Rugs:	0
Blankets:	0
Firewood:	210 cubic meters
Non-construction shelter units served:	53
Non-construction families benefited:	71
Non-construction individuals benefited:	310

Distributables to non-construction families:

Stoves:	0
Rugs:	0
Blankets:	0
Firewood:	282 cubic meters

Families per shelter unit:	1.34
Individuals per family:	5.85

Contractor(s):	Slavkovic Rade, Izoprogres

The shelter work done in Ljuboten was repair. Table 3.8.1 lists the beneficiaries, the house identification, damage category, whether the house had construction work done or just received distributables and the number of shelter members for each house served in Ljuboten. Table 3.8.2 shows the total work we did in Ljuboten by the type of work done.

3.8.5 The Human Story. Initially, Ljuboten was inaccessible for security reasons. The first time we tried to enter the village we were denied access at the field check points. When we finally obtained access, we found that the villagers were very wary about providing information or participating in our assessment survey. Many times they would give wrong information, sometimes for protection and sometimes in the hope of increasing expected benefits.

Upon entering the village, we found that the two greatest needs were water and firewood. We, therefore, started to distribute firewood prior to starting our shelter work. Our distribution list consisted of families from the category 1 and category 2 damaged shelters. As soon as we started our firewood distribution, we encountered problems. The village community split into factions and the inhabitants demanded that the firewood be distributed based on need. At one point, a fight broke out between the two strongest factions and our staff had to vacate the village. Fortunately, the incident was short lived and lasted one day.

We met with the head of the village crisis committee and asked him to give us an expanded list based on firewood need. The original list contained the 70 shelter unit families. The expanded list included 94 additional families. We accepted the revised list and the problems ended. From that point forward, we encountered no major problems working in Ljuboten. With regard to repair families, we only intended to distribute firewood in Ljuboten and provide 3 cubic meters of firewood per unit family[33]. We gave 3 cubic meters of firewood to each of the 164 identified beneficiaries.

We started our shelter work in Ljuboten before the police returned to the village. Some people stole some of our building materials. We directed our contractors to keep all materials in a secure manner. We encountered no further theft problems. Since material procurement was the responsibility of our contractor, we considered the theft his problem, so the contractor took the loss. The amount of materials stolen was insignificant, a couple of doors and windows and some roof tiles.

3.9 THE PROGRAM IN SUTO ORIZARI (GYPSY VILLAGE, SUTKA, SKOPJE)

[33] Depending on the winter, the general rule of thumb is that it takes 6 to 7 cubic meters of firewood to get a family through a winter. Under the original program intent we were to distribute 3 cubic meters at the beginning of the winter, and then distribute another 3 cubic meters in early February. The major reason for this split distribution was the fact that the returned VAT tax money was to be used for the second distribution. Since the tax return never occurred, the firewood distribution effort was significantly decreased.

3.9.1 Village Characteristics. Sutka is a municipality within Skopje. It is the largest community of Roma in the Balkans and has its own governmental structure and mayor. Sutka is a very poor community, with IDPs from the Tetovo region, from the 2001 crisis, and still has IDPs and refugees from the 1999 Kosovo war.

3.9.2 Crisis History. This village was not involved in the crisis. It partially became a "host" village in much the same manner that Kumanovo became a destination center for many of the displaced persons from the villages to the north of Kumanovo.

3.9.3 Damage Profile.

Damage profile: Not applicable

3.9.4 Summary of Our Work. Our work in Sutka was one-warm-dry-room. We started in the village on January 14, 2002.

Shelter units identified to us:	0 (not applicable)
Shelter units repaired:	0
Shelter units partly repaired:	0
OWDR units completed:	28
Unit Families benefited:	30
Unit Individuals benefited:	175
Distributables given to units:	
Stoves:	0
Rugs:	0
Blankets:	0
Firewood:	84 cubic meters
Non-construction shelter units served:	139
Non-construction families benefited:	149
Non-construction individuals benefited:	867
Distributables to non-construction families:	
Stoves:	0
Rugs:	0
Blankets:	0
Firewood:	420 cubic meters
Families per shelter unit:	1.07
Individuals per family:	5.83
Contractor(s):	Goce Gjoneski, Zenit Mont

The shelter work done in Sutka was host family, one-warm-dry-room and the distribution of firewood. Table 3.9.1 lists the beneficiaries, the house identification, whether the house was OWDR or only received deliverables and amount of firewood received for each house served in Suto Orizari. Table 3.9.2 shows the total work we did in Sutka by the type of work done.

3.9.5 The Human Story. When problems kept us from completing the allocated shelters in Aracinovo (see section 3.4.5), it was easy to move our remaining capacity to Sutka and pick up the one-warm-dry-room needs there. This change was discussed with and agreed

to by the OFDA shelter specialist. We chose the beneficiaries for Sutka from a list of needy families compiled by the mayor of Sutka. Our criterion to the mayor was that the families needed to be hosting refugees.

The needs in Sutka far exceeded the resources available. Every day as our field staff entered Sutka, they were met by large groups of people who wanted benefits and constantly pressured our teams for assistance. In spite of the demand, our work in Sutka went smoothly and we were able to finish our work without major incidence.

3.10 THE PROGRAM IN THE CITY OF KUMANOVO

3.10.1 City Characteristics. The City of Kumanovo is located 35km northeast of the City of Skopje in the municipality of Kumanovo[34] (see Illustration 3). Kumanovo is the fourth largest city in Macedonia. The population of the city proper is about 85,000, and if the close surrounding area is included, the population is about 110,000. Kumanovo municipality covers 29 villages. The city is 11% gypsy, 25% Albanian, 60% Macedonian and 4% others.

3.10.2 Crisis History. The City of Kumanovo was not involved directly in the crisis fighting; however, there was some terrorist activity, and during the conflict, the water supply to the city was cut off. Kumanovo's more important role is its proximity to a number of the northern villages that were heavily damaged during the crisis. A large number of IDPs went to Kumanovo to find shelter. For this reason, Kumanovo became a prime target for host family shelters. Since it was recognized early that category 3 and category 4 houses would not be fixable before the 2001 winter set in, a large number of host family housing in Kumanovo would be needed. For this reason, we allocated half our shelter effort to Kumanovo host family shelters.

3.10.3 Damage Profile.

Damage profile: Not applicable

3.10.4 Summary of Our Work.

Shelter units identified to us:	0 (not applicable)
Shelter units repaired:	0
Shelter units partly repaired:	0
OWDR units completed:	350
Macedonian/Serb:	97
Albanian:	253
Unit Families benefited:	763
Macedonian/Serb host:	102
Macedonian/Serb IDP	98
Albanian host:	278
Albanian IDP:	285
Unit Individuals benefited:	4020

[34] Kumanovo, like Aracinovo, is both the name of a city (village) and the name of a municipality. The city of Kumanovo is located in the municipality of Kumanovo (see Illustration 3a and footnote number 21). We use the unmodified word "Kumanovo" to mean the city of Kumanovo.

Macedonian/Serb host:	416
Macedonian/Serb IDP:	328
Albanian host:	1621
Albanian IDP:	1655
Distributables given to units:	
Stoves:	140
Macedonian/Serb:	60
Albanian:	80
Rugs:	165
Macedonian/Serb:	78
Albanian:	87
Blankets:	0
Firewood:	240 cubic meters
Macedonian/Serb:	24 cubic meters
Albanian:	216 cubic meters
Non-construction shelter units served:	427
Macedonian/Serb:	202
Albanian:	211
Roma:	14
Non-construction families benefited:	459
Macedonian/Serb:	212
Albanian:	232
Roma:	15
Non-construction individuals benefited:	2306
Macedonian/Serb:	865
Albanian:	1353
Roma:	87
Distributables to non-construction families:	
Stoves:	160
Macedonian/Serb:	66
Albanian:	85
Roma:	9
Rugs:	135
Macedonian/Serb:	72
Albanian:	63
Roma:	0
Blankets:	0
Firewood:	590 cubic meters
Macedonian/Serb:	286 cubic meters
Albanian:	293 cubic meters
Roma:	11 cubic meters
Families per shelter unit:	1.09
Individuals per family:	5.36

Contractors:	Goce Gjoneski:	130 houses
	Zoran Kirik:	150 houses
	Andrei Manev:	70 houses

The shelter work done in Kumanovo was host families, one-warm-dry-room and the distribution of deliverables. Table 3.10.1 lists the beneficiaries, the house identification, whether the shelter received OWDR construction, and deliverables provided. Table 3.10.2 shows the total work done in Kumanovo by the type of work done.

3.10.5 The Human Story. Kumanovo became a destination city as people fled the east Kumanovo region of the crisis area. The impact on Kumanovo was significant. The city budget collapsed, and for a number of reasons, the central government was not able to respond with much help. Even now, there are 32,000 unemployed people and 10,000 families listed as social cases. Kumanovo is almost a microcosm of Macedonian itself, so anything that helped the stabilization of Kumanovo would be effective in the rest of Macedonia.

We had the best reception for our program work in Kumanovo than anywhere else we worked. The people and the city government were the most cooperative and the most thankful. Twice, the mayor held a presentation ceremony to thank us for our work and to express how important our work was to helping the citizens and keeping up the spirit of the community.

3.11 ECONOMIC PROGRAM FACTORS

3.11.1 Concept and Purpose. Shelter work is construction and construction is a component of development. When viewed in this context, there are many economic elements inherent in shelter work that become apparent. We can divide these economic elements into two classes: intrinsic and production. Intrinsic economic elements are those elements that occur during the construction activity itself. Production economic elements are those elements which spring from the existence or use of the constructed building.

Intrinsic economic elements include:

(a) **Purchases of Construction Materials.** These expenditures, if directed to local suppliers who in turn buy from local or national manufacturers, can have an immediate multiple economic effect on the area economy.

(b) **Purchase of Contractors, Trades and Labor.** By using local contractors who hire their trades and labor force locally, the funds expended have a direct economic impact on the local economy. Labor procurement is almost always a local activity, and money paid for wages goes into the local economy almost immediately, since construction workers are immediate consumers of goods and services.

(c) **Creation of Jobs.** Construction work always helps in the creation of jobs even if seasonal or temporary. Employment is one of the best stimuli for economic development. It is also an important factor in community development because people with jobs are generally more stable, form better attitudes and are more self sufficient. Providing local jobs can enhance the benefits, acceptance and community goodwill of a humanitarian shelter project if some people from the local community are hired on the project, even if the jobs are only temporarily.

Production economic elements included:

(a) The generation of real estate tax revenues and other associated revenues to the government.

(b) The long-term requirements for maintenance, outfitting and upkeep of the building and its use.

(c) The capital asset value for the facility to create cash or credit, in the form of loans, for further development or other uses.

(d) The use of the facility for the production of income such as being used to start or operate a business, even where the primary purpose of the building is as a family home[35].

The OFDA project considered only intrinsic economic elements. Our secondary objective and our special feature were directed to enhance the impact the intrinsic economic elements of the shelter program only.

3.11.2 Objectives. There were two statements of economic impact mentioned in the proposal:

(a) To expend 60% of the program budget with Macedonian Slav businesses (the secondary objective of the project).

(b) To expend at least 68% of total project spending to have a direct multiplier effect on the Macedonian economy (a part of the special program features).

3.11.3 Business and Economic Impact. This project had a strong impact on the business community. We used five construction contractors and four distributables contractors. Our construction contractors conservatively hired from 50 to 60 additional workers for various periods of time because of this project, not counting their core employees. All of the materials were procured locally. Since our construction contracts included materials procurement as part of the contract performance price, we are not able to break out labor and service costs from materials costs. In Macedonia, material costs are generally about 40 to 60 percent of the total construction costs for our type of project. With regard to our own operation, except for the salary of the project director, all salaries and wages paid in the field went to Macedonian citizens.

3.11.4 Economic Profiles of Our Contractors. Our five construction contractors and four suppliers were:

(a) Risto Nikolovski, whose company is "Ideal Inzenering," has more than 35 years as a builder; 20 of those years in private business for himself. He had a private company even under the Communist Regime. Before he started his private company, he was the technical (construction) director for a number of communist companies. Risto has about 10 core construction employees and hired as many as 30 different people to work during our program. Risto handled all of our work

[35] Shelter work, particularly in the case of housing, also has a significant impact on psycho-social factors such as security, family unity, lessening of vulnerability and improvement of health (both physical and mental). Since psycho-social considerations were not a part of this project, they are not discussed in this report.

in Aracinovo, Grusino and Mojanci. He hired both Macedonians and Albanians. Risto is located in Skopje, but works throughout Macedonia. Risto worked with us on the 1999 OFDA winterization project and has worked with us on school rehabilitation projects.

(b) Goce Gjoneski, whose company is "Zenit Mont," took over the company when his father was killed in a construction accident in 1998. The company has a core employee group of about 10 and hired 25 to 30 different people to work during our program. The company went private about 12 years ago, and prior to that, they worked in foreign countries for 12 to 13 years. Goce is located in Skopje, but works throughout Macedonia. Goce worked with us on the 1999 OFDA winterization project and has worked with us on school rehabilitation projects. Goce worked in Kumanovo and Sutka.

(c) Zoran Kirik, whose company is "Set Zoran Dooel," is located in Kumanovo and was started in 1992 with private funds. Zoran has a core employee group of about 15 and has, among other work, built schools, medical facilities and manufacturing facilities. For our work, Zoran started with 3 teams of 4 people each (12 persons) and, at the height of our work, he had 10 teams (40 persons). Zoran worked in Kumanovo and Orlanci. He also owns a nail factory and a warehouse. Besides being one of our construction contractors, Zoran was our merchant for the firewood we distributed in the Kumanovo crisis area.

(d) Andrej Manev, whose company is "Stan," is located in Kumanovo and has been a builder for about 10 years. Andrej is an engineer. Prior to starting his private company, he worked as a project designer in Germany. Andrej is also the prime contractor on our civic center project in Kuceviste. Andrej worked in Kumanovo.

(e) Slavkovic Rade, whose company is "Izoprogres," is a Macedonian with a Serbian background. He has been a builder for about 25 years and has worked in Iraq, Switzerland and Germany. Slavkovic worked with us on the 1999 OFDA winterization project and is working with us on a civic center construction project in Kuceviste. Slavkovic worked in Ljuboten.

(f) Makedonski Folklor is an old rug manufacturing company located in Skopje. The company is an old communist factory and has had major financial difficulties entering a market-driven economy. The company makes a nice quality, inexpensive rug. We used this company in the 1999 winterization program. At that time, the company had not paid its payroll for a number of months and was near to closing. With our purchases, the company was able to pay most of its workers and keep the factory going. It still has economic problems, but there is no question that our purchases were a major help to its survival.

(g) A.D. Metalec Bitola is a long established metal manufacturing factory in Bitola, Macedonia which, among other items, manufactures stoves. This is an old communist company that has been in existence for decades and now is in the process of being privatized. The company is struggling to modernize its facilities and product line for the new market economy. The company makes a very good heating/cooking stove which lasts 15 years or more. The model we used is the same model which the UNHCR purchases for its programs.

(h) Firewood was purchased from two supplies: One in Kumanovo, Zoran Kirik, one of our construction contractors, and "Agroservis" Avtokuka AD. Agroservis is part of a very large conglomerate company and has a major supply yard in Skopje near Aracinovo. We originally signed a supply contract with Agroservis for all our anticipated firewood needs (3,000 cubic meters). When we modified our distribution plan to provide most of the firewood distribution in the Kumanovo region, we cancelled the major part of our firewood contract with Agroservis (which we had the option to do under our contract).

3.12 POLITICAL PROGRAM FACTORS

3.12.1 Political Environment and Concerns. In relief and development undertakings under today's conditions, political factors are becoming increasingly more important. A crisis is always a major governmental event regardless of the state of the government and the implementation of relief-development responses engenders high expectation in a population which will have a very short attention span. The amelioration of these factors requires political awareness. In addition, shelter activities are construction, and construction always has a political component and impact, regardless of when, where or how the construction is done. For Macedonia, in the time frame of this program, relevant political factors included:

(a) The large majority of the villages damaged by the fighting were predominantly ethnic Albanian. Even though our proposed program was not structured or designed to discriminate on ethnicity, we knew that the primary beneficiaries of the program outputs would be ethnic Albanians. This program fact could have the potential to actually raise ethnic tensions because of the large number of ethnic Macedonians who are under the misconception that the international aid groups were only interested in helping Albanians.

(b) Prior to the start of the shelter effort in Macedonia, some political leaders had made public statements that some of the international community was working against Macedonia. Their statements were corroborated with reference to all the aid going to benefit the Albanian citizenry, giving the appearance that no one was concerned about the ethnic Macedonians. These statements were not true, but had much face validity in the context of the times and made great political wedge issues.

(c) In almost all of the villages hard hit by the rebel uprising, ethnic Macedonians were a minority. There was the distinct possibility that many of the ethnic Macedonian IDPs may not be willing to return to their homes. Such a situation could create a serious destabilization or public relations issue. The reality of this concern showed itself in the problems which occurred in Aracinovo (see section 3.4.6(c) of this report).[36]

(d) Macedonia has a functioning government that must be involved in the implementation of any assistance program. For this reason the levels of cooperation were much more intense than might normally be the case in most

[36] At the time of the writing of this report, October 2002, almost a year after the field work, the Aracinovo houses of the ethnic Macedonians were still vacant (see section 3.4.6(d) for the background of this situation). The reconstruction implementers still had these houses on their to-do-list, but were concerned about safety, since there had been some incidence of these houses having been booby-trapped. The implementers wanted the houses all inspected and certified safe before their construction teams entered.

emergency relief programs. In addition, even though our work was humanitarian relief, the overall program was really infrastructure development work (see also section 6.7).

(e) Because of the nature of the conflict and its solution through the Framework Agreement (see section 3.1.2), there were four groups with differing expectations. These expectations, sometimes conflicting, affected the shaping of the political context of the shelter effort, and needed to be understood and factored into shelter strategies if our programs were to run smoothly. The four groups were:

(1) The persons who precipitated the crisis and those who identified with its goals.

(2) The police/government.

(3) The general citizenry.

(4) The international community.

The attitudes and expectations of each of these groups formed as a part of the conflict, remained in place with the passage of the Framework Agreement. As a result, the shelter response became in large part the manifestation of what the conflict was all about and the polarizations, in place during the conflict, transferred to, and became focused through, the shelter response after the conflict.[37] These transferred attitudes made political factors very important in the accomplishment of this grant program[38].

3.12.2 Program Strategy. The program proposal contemplated that the performance of this project would try to balance the political equities to ameliorate any potential adverse affects. Since the bulk of the grant outputs were going to ethnic Albanians, then the bulk of the intrinsic economic benefits should go to ethnic Macedonians. The procurement aspects of the program followed this logic. However, to create better acceptance in the villages in which we worked, we also had our building contractors hire some of their extra or temporary workers from within the villages and hire some ethnic Albanian workers.

3.12.3 Conclusion. Although there is no objective way to measure the impact or level of accomplishment with regard to these political factors, we clearly believe that the approach here contributed in some way to stabilization and had a positive impact on the program goal to "promote the peace process." We believe this strategy worked well and were gratified by the results. We note the following:

(a) Any program that proposes to provide shelter assistance within the context of contributing to the establishment of peace and stability must take into account political factors. Considering political factors should be a design element of a shelter project.

[37] The relevance of these expectation issues was most evident in Aracinovo where much of the delay in getting started with the shelter program was because of the difficulty in balancing these issues.

[38] A major reason for the economic elements of this program, see section 3.11, was to attempt to ameliorate some of these political issues.

(b) Inherently, construction activities have political consequences. Construction affects the economy, jobs, local urban planning and a host of other factors that are of interest to governments and politicians. For this reason alone, shelter work must have some demonstrable level of cognizance of the political environment in which it is operating and should be able to demonstrate appropriate project conduct.

3.13 SPECIAL PROBLEMS

3.13.1 VAT Reimbursements. (a) Background. Macedonia imposes a value added tax (VAT) on all purchases of goods and services. The basic tax is 19%, except for some necessity items, such as food and firewood, where the tax is 5%. With regard to our grant, all construction contracts and all deliverables were subject to the 19% VAT, except firewood, which is 5%. On September 9, 2001, the United States, through the U.S. Ambassador in Skopje, signed an agreement with the Republic of Macedonia through the Minister of External Affairs, which agreement, among other matters, provided for the recovery of VAT paid in the performance of U.S. Government funded aid projects undertaken in Macedonia.

With VAT now recoverable, our grant anticipated that during the course of the grant the VAT expended through the grant would be recovered during the grant period and put back into the project. In this way, a project budgeted for $832,029.00 in expenses could actually be funded with only $733,533.00 in cash -- enticing. That is exactly how the grant was written. No procedures for how this process would work were presented at the time of the approval of the grant.

(b) Experience. Our experience with the VAT recover processes was, at best, distressing. An outline of this situation is as follows:

(1) It should be remembered that our beneficiary work in the field did not start until the first part of November. At that time, the USAID Skopje office informed us that if we would get our reimbursement requests in to them by the 5th of the month they would process the request and send it to the Macedonian government on the 10th of the month. We told the USAID office that we intended to make a submission for processing in December 2001.

(2) We organized our contracting and expenditures to obtain the maximum refund we could in the December submission. We guessed that it would have to take at least one month once a request went to the Macedonian government to obtain the refund back. Our plan was that if we could make a big request in December, then the refund would be available in mid-January to purchase the second delivery of deliverables, primarily firewood.

(3) On December 5, 2001, we hand carried to the USAID office a VAT reimbursement request for 3,532,018.50 mkd in tax refunds (approximately $50,000.00 at the then current exchange rate).

(4) In January 2002, at the request of the USAID office, we executed the appropriate forms necessary for the bank transfer of the recovered funds.

(5) In late January, the USAID office notified us not to submit any additional VAT reimbursement requests until the first request was completed.

(6) By agreement with the grant personnel, we completed our beneficiary field work effective March 15, 2002, and further fieldwork on the grant was frozen pending: a re-determination of shelter needs in Macedonia; the articulation of the parameters of the emerging 2002 international development program; and the assessment of the VAT collections.

(7) A concomitant of the freezing of the field program was the determinability of the total VAT recovery. Notwithstanding the hold request by USAID, on June 3, 2002, we submitted the second, and final, request for VAT reimbursement. This second request was for 1,539,863.37 mkd in tax refunds (approximately $23,000.00 at the then current exchange rate).

(8) As of the writing of this report, October 2002, no word has been received as to the status of the recovery of the VAT under this grant.[39]

(c) Conclusions and Recommendations. We note the following:

(1) OFDA shelter programs are by their nature emergency mode projects. Because they are construction, they are costly in comparison to other emergency aid projects. These programs need to be done quickly and most of the funding (which can be large) is spent in a relatively short time frame. Unless the refund process can be executed quickly, less than 30 days, planning on the use of recovered VAT for the concurrent fieldwork is not realistic. For long-term construction projects, say more than 9 months or one year, the process may be appropriate depending upon how cash flow needs can be administered.

(2) At the initial budgeting stage, the funding of projects by deducting the anticipated tax recovery may look enticing from an agency budget position, but the approach may be counterproductive from an OFDA response program perspective. If for any reason the funds are not recovered or not recovered in time to be effectively used, then the program goals are compromised. Without the funds, the project work must either stop or the project must be "loaned" the anticipated recovery funds by the implementing partner. This situation puts implementing partners in a compromising position. It is wrong to expect implementing partners to loan funds to the project. For partners to loan money to a project, they must take the funds from another project, which may be illegal, or they must take the funds from their own investment funds, in which case they lose the income from their investment funds for future work.

[39] Also see section 3.14.

(3) Granted that U.S. Government procurement policies may restrict flexibility, we believe that the better approach is to fund the project fully, recover the VAT after the fact, and then budget the recovery back into the project or apply it to future projects. We think that on OFDA type shelter projects, the phase delay between the exigencies of the fieldwork and the processing time of financial officers will never edge match very well.

(4) The conditions in Macedonia also demonstrate the undesirability of the current refund policy. During the tax recovery period, the nature of the program materially changed. If the refund money was held for further program work, which is almost always a viable need in OFDA programs, the recovered funds could be better targeted to fit the changed conditions and build on the prior work done. Such an approach would better "top off" a program undertaking by keeping the program response in tighter phase with in-field events.

3.13.2 Vehicle Transfers. (a) Background. As an administrative aspect of this project, OFDA determined to transfer to us four Nissan 4-WD pickup trucks that were then assigned to World Vision in Kosovo, but were no longer being used. We agreed to the transfer. Our grant agreement was modified to effectuate this transfer, and we started arrangements to pick up the vehicles in Kosovo and complete their importation into Macedonia. In the meantime, Mercy Corps International, who was also an implementing partner of USAID/OFDA in Macedonia, contacted us about obtaining some of the vehicles, and we agreed, with USAID, to transfer two of the four vehicles to Mercy Corps. Since the importation process had already started, and the initial importation papers had already been executed by the USAID Skopje office, everyone agreed that we would finish the process of bringing the vehicles across the border into Macedonia and then transfer possession of the two vehicles to Mercy Corps. Our grant was modified to approve the transfer of the two vehicles to Mercy Corps on November 11, 2001.

(b) Experience. Picking up the vehicles from World Vision in Kosovo and physically bringing them across the border into Macedonia was not particularly difficult. We had some documentation problems at the border and had to park the vehicles at the border for a few days. We were able to work out the documentation problems to the satisfaction of the customs officials in those few days and bring the vehicles into Macedonia on November 11, 2001. From this point forward, we had nothing but problems. At the writing of this report, October 2002, all the problems have not yet been worked out. Incidences of note include:

(1) The vehicles had been stored for about 6 months without proper storage preparation. They needed batteries, tune ups and engine maintenance to run properly.

(2) The vehicles were not properly maintained. They all had damages, broken mirrors, broken tail lights and head lights, dented side panels and fenders. The tires were mismatched, and in some cases, the wrong type of tires were installed. We fixed the three minor-damaged vehicles for a cost of approximately $2,080.00.

(3) One of the vehicles was extensively damaged. We did not fix that vehicle until it was viewed by USAID personnel and the cost authorized. The

estimated cost was about $2,500.00. We understand that the repair cost for this vehicle was about $3,300.00 (see item (7) below).

(4) None of the vehicles would pass the vehicle inspection requirements for Macedonia registration because of their damage and lack of maintenance. We spent considerable time getting the vehicles in order to pass the required inspections.

(5) For one of the vehicles, the vehicle identification number (VIN) did not match the VIN shown on the Kosovo registration. Even though the Macedonian government would not recognize the Kosovo title and registration papers, the police still considered this error (it was a typing error) as a disqualifier, and refused to register the vehicle.

(6) Ultimately the police permitted two of the four vehicles to be registered. The extensively damaged vehicle (repairs of which were still ongoing) and the VIN problem vehicle were not approved.

(7) When USAID approved our giving two of the four vehicles to Mercy Corps, we randomly made the allocation. As it later turned out, Mercy Corps received one of the registered vehicles and the extensively damaged one, and we received the other registered vehicle and the VIN problem one. Mercy Corps took possession and responsibility for the damaged vehicle, and its ultimate repair, and we no longer were involved.

(8) In the interim between the registration of the first two vehicles and the fixing of the problems with the other two vehicles, the Macedonian government changed the rules and required homolizacija papers before the vehicles could be registered. Homolizacija papers are akin to an environmental certification. The authorities had never imposed this requirement before. It was not a condition of the original requirements under which we were operating. The problem for us is that a homolizacija certification for these vehicles was impossible. They did not meet the required standards.

(9) To compound the problem, the police ruled that they could not continue the registration process until the Macedonian government determined whether and to what degree Macedonia would recognize the documents of Kosovo (UNMIK). The police suspended the registration process and kept custody of all the vehicle papers. At the time of the writing of this report, October 2002, this issue is still not resolved, and the police still are holding the vehicle documents[40].

(10) We have made a request to the police to release the papers and the vehicle so that we may ship the vehicle to Afghanistan for use on a USAID project we are doing there. We are optimistic that the police will eventually release the documents to us for this purpose.

[40] We understand that Mercy Corps International is in the same position with regard to the originally damaged vehicle as we are with the bad VIN vehicle.

(c) Conclusions and Recommendations. The current experience merely reinforces the general truth that working with vehicle title and registration matters is a confusing and frustrating matter everywhere in the world. The nature of relief work is always going to make documentation and vehicle eligibility factors a creative challenge. There are no quick fixes to the current problem, and as noted above, the problem will ultimately be solved by shipping the vehicles to another country in which the title and registration procedures are not as imposing: Kosovo[41] and Afghanistan.

For the long term, we suggest that USAID find a way to title grant vehicles in a permanent title holder. We understand that USAID does not want to be the title holder of vehicles purchased by grantees with grant funds; but in reality, the vehicles belong to USAID, with USAID controlling their use, while the contractor merely acts as a "street" name. A number of options come to mind, but we lack the understanding to intelligently discuss this issue. For example, why not create a contract entity (through special legislation, if necessary) which would be the nominal title holder of all vehicles "owned" by USAID for grant work. This holding entity would administer all vehicles, just re-registering the vehicles as they change location. Because the title holder would also have the appearance of a U.S. Government entity, registrations may go easier and would have the clout of the U.S. Government when in areas where vehicle control is a problem.

3.14 PROGRAM IMPACT OF NON-RECOVERY OF VAT

When it became clear that the VAT was not going to be returned in time to benefit the grant, we had already obligated about $30,000.00 in project benefits for which funds would not now be available. As it turned out, we backed out of the field obligations of $29,106.00 to balance the field budget. This adjustment resulted in a field budget balance of about $318.85. To make up this shortfall we:

(a) Did not distribute any blankets and basically scratched this deliverable from the project.

(b) Decreased the amount of firewood to be distributed to some of the families. We did not remove families, but merely decreased the amount they were to receive from us under the program. This approach meant that the number of families served stayed the same in spite of the funding decrease; only the magnitude of the benefits changed. Had we not used this selective approach and merely transferred contracts, the program would have lost about 220 families or about 1,000 individuals.

We only changed the distribution of firewood. The firewood removed from this project because of the failure to recover the VAT amounted to 882 cubic meters.

It is important to note that we had another funder who was providing similar service as this grant project. We coordinated the other funder's program with this program so that all the benefits cut from this program were picked up by the other program[42].

[41] It is our understanding that Mercy Corps International is making a similar request to move their vehicle to Kosovo.

[42] The purpose of the other program was to augment the work we were doing in this program and the UNHCR housing program by filling in gaps that may occur in the two programs. The funds of the three programs were kept isolated from one another and there was a financial "firewall" separating the programs.

The amount of the VAT recoverable, at the then exchange rate, was approximately $73,000.00. If we consider a heater package as consisting of one stove, one rug, three cubic meters of firewood and four blankets with a materials cost of approximately $315 per package, the VAT money would have provided 331 more families (approximately 1,820 individuals) with benefits, or we could have created about 150 additional one-warm-dry-rooms (affecting approximately 825 IDPs).

4. PROGRAM ADMINISTRATION

4.1 METHODOLOGIES

4.1.1 Assessments. The shelters which were selected for repair were taken from the damage inventory created under the coordination of the UNHCR and were limited to category 1 and category 2 damaged houses. Once the shelters were selected, we performed our standard detailed assessment on each house.

The shelters which were selected for one-warm-dry-room were taken from lists of needy and host families supplied by local officials and community groups in the locale. Once the shelters were selected, we performed our standard detailed assessment on each facility.

4.1.2 Procurement, Building Contractors. We used our standard competitive, relaxation negotiation (CRN) process to select our contractors and their contract pricing. In this project, we applied the CRN process as follows:

(a) Based on the shelter construction objectives within the identified construction environment, we developed a construction piecework task list covering all the work needed to meet the construction objectives and established a preferred price for each task.

(b) Using known contractors, we had them assess a number of job sites and cost out the jobs using the task list.

(c) We then compared the contractors' pricing with our preferred pricing and determined the acceptable pricing schedule. This determination established our tentative contract pricing schedule.

(d) We placed an ad in a major Macedonian newspaper describing the work to be done and asking interested persons to send in their construction resume and trade pricing. We reviewed the submission and selected a short list for interview. If they passed our interview, we gave them a listing of houses to be done and asked them to give us a price based on the task list (but without the acceptable pricing schedule).

(e) When the submissions were returned, we reviewed all quotes and made an approved pricing schedule. We then negotiated with all contractors to accept our now adopted approved pricing schedule as the final contract pricing. For this project, the approved pricing schedule is shown in table 4.1.1.

(f) All contractors agreed with our pricing schedule except for some minor tasks which had special characteristics under unique circumstances (such as special shipping requirements because of unique road conditions).

For this process to work, you need to have:

(a) A good in-house knowledge of the costs of construction in the locale.

(b) A construction program in which the work to be done is: reasonably routine, specifiable in measurable performance terms, not subject to a number of variations in methodology and consistent throughout the area of responsibility.

(c) Only a few contractors who are trustworthy, and whose work and methodology you know and understand well.

All of these conditions existed for the program reported here. Advantages of the CRN over other procurement processes are that it:

(a) Provides more uniformity of workmanship when using a number of different contractors in different areas, but intending to have all the work consistent in cost, quality and appearance.

(b) Provides easier after service comparability of beneficiary deliverables and in assessing project performance and impact.

4.1.3 Procurement, Deliverables. Deliverables were the non-construction items associated with shelter and scheduled as part of this project. They consisted of: stoves, rugs, blankets and firewood. We procured the stoves and rugs through the Macedonian companies with whom we had dealt in the past. A survey of pricing showed that these companies still gave us the best prices. A.D. Metalec Bitola in Bitola manufactured the stoves. The price to us was the same as the factory charges the UNHCR for the same stove. UNHCR has purchased over 30,000 of these stoves. The manufacturer included in the price the shipping cost to our warehouse. That incidental saved us about $1.50 per stove.[43]

The rugs were purchased from the manufacturer, Makedonski Folkor of Skopje. It is a high quality 2.5 x 3.5 meters "Turkish" style rug. The price was the same we paid in 1999, and this time it included shipping to our warehouse in Kumanovo (see section 3.11.4(f) for information on the company).

We did not distribute any blankets under the program because of the failure of the VAT to be returned (see section 3.13.1 on the VAT problem and section 3.14 on the impact of the failure to recover the VAT).

Firewood, as always, presented its own set of problems. Availability, shipping, loading and unloading, quality, and warehousing location are all very relevant factors in pricing firewood. We identified a number of potential suppliers, but guarantee of delivery was a big problem. Since we originally expected to do a significant firewood delivery in Aracinovo, we contracted

[43]See section 3.11.4(g) for information on the company.

with a yard that was just outside the village so that villagers could easily go to the yard to get the wood, and thus, save us the logistics problem. The cost, including unloading, loading to the beneficiaries and storage in the supplier's yard, was 71 DM per cubic meter. This price was within the market price for firewood at that time, which was 65 to 75 DM per cubic meter just for firewood, not the services.[44] The supplier also agreed to supply us with up to 3,000 cubic meters of firewood, the then budgeted total amount of wood, and do so within 5 days of notice.

The program direction changed and we decided not to do most of the firewood distribution in Aracinovo, but rather to the one-warm-dry-room beneficiaries in the Kumanovo area. We were able to negotiate the same contract with a supplier in Kumanovo for 69 DM per cubic meter, but this cost did not include the warehousing. We had already procured the warehousing separately to handle our other distributables.

4.1.4 Data Systems. All of the data for this program was kept in Microsoft Access with some also being kept on Microsoft Excel. Our documentation is maintained in 40 three-inch ring binders. The documentation is kept by beneficiary by village. Each beneficiary file contains: the detailed assessment, the beneficiary data, the beneficiary agreement, distribution receipts, the construction work done and any other information collected on the beneficiary or the beneficiary's house. All financial records were kept in our enterprise accounting system.

4.1.5 GPS Coordinates, House Identification and Mapping. Our project overlapped with three different housing identification systems: one uniquely established in Aracinovo; the IMG system, also endorsed by the UNHCR for housing repair and reconstruction in the crisis area; and our own used for host families and one-warm-dry-rooms in the Kumanovo area.

As noted, the final standard for house identification in the crisis area was not agreed upon until after the assessment process in Aracinovo was well under way. Since we ended up finally coordinating the assessment process in Aracinovo, we selected a house identification number that uniquely identified the house, the area of the village in which the house was located and the assessment team that did the assessment. Also since the only map of Aracinovo was drawn in the early 1980's, we commissioned the engineers at the seismology institute to draw us an accurate map of Aracinovo (see Illustration 5). In order to help the transition from the shelter relief work to the reconstruction phase in the spring to be managed by the EU, we went back and took GPS readings of all the houses on which we did some work (see table 3.4.1). We presented this listing to the EU through the IMG.

For all shelter work coordinated by UNHCR, we used the IMG identification system.

One-warm-dry-room and host family shelters were not part of the repair and reconstruction program, and therefore, this shelter work was not within the responsibility or management system of UNHCR or the EU. For these shelter activities, we used our own identifier, and the family name and street address to uniquely identify each house. The work on the one-warm-dry-room shelters was not reported to the CRIM or kept in any other data system.

[44] An important factor here was that we were doing the ordering in October. As winter approaches, the cost of firewood goes up dramatically from about 60 DM per cubic meter in August to 80 DM per cubic meter and more after October. Because of funding, we were very late in starting this project, and so we locked in our most volatile variable as soon as we could.

5. FUTURE PROGRAM RECOMENDATIONS

5.1 ESTABLISH ECONOMIC MEASURES IN SHELTER PROGRAMS

OFDA should establish measures of economic success in all shelter projects.[45] We must start to identify meaningful economic outcomes and establish measurable economic criteria as part of our shelter program benefits, for a whole host of reasons:

(a) All activities have economic aspects or consequences, and each project should start to measure and control the impact of these aspects and consequences.

(b) Economic variables are an important element of sustainable development and so should be tracked and managed at all phases of the shelter undertaking (see section 6.6 on the shelter curve). As all programs seek to be more contributory to sustainable development, program economics will be increasingly more important to program accomplishment.

(c) Shelter, as with all infrastructure, is expensive and often does not, at first, appear to have a high cost-benefit ratio when compared to other early stage relief and development work. To determine a cost benefit one must view the calculation within a defined time frame. For infrastructure calculations, that time frame cannot be just the period of the construction work; it has to be the beneficial life of the improvement. When beneficial time costs and the economic impacts of sustainable shelter programs are factored into the analysis, shelter relief efforts and rebuilding becomes significantly cost-beneficial (see sections 6.3 and 6.4, infra).

5.2 INSTITUTE A "HIERARCY OF OBJECTIVES" APPROACH TO SHELTER GRANTS

OFDA should use a "Hierarchy of Objectives" model for its grant schema. This approach would have a number of benefits by:

(a) Providing a more integrated "picture" of the intended project accomplishments and their inter-relations.

(b) Forcing better criterion measures at all performance levels and setting a better framework for implementing partner accountability.

(c) Providing a logical linkage among the different levels of objectives (mission, goals, aims, intent, targets, etc., from the working level to the more subjective and inferred (or assistance) accomplishments

(d) Providing a reviewable and performance related, working relationship between management and operational efforts and accomplishments.

[45] This recommendation applies to all construction and infrastructure programs. Since this project related only to shelter construction, we limit our language to that of shelter. Although "shelter" is a part of "infrastructure," we believe that because of the unique nature of shelter (see sections 6.3 and 6.4), shelter should be separately identified when talking about infrastructure generally.

(e) Providing a rational way to manage and interrelate different classes of project objectives, such as political, economic, production, management, etc.

5.3 DECOUPLE ANTICIPATED RECOVERIES FROM GRANT AWARDS

When a grant program expects to recover funds, the anticipated recoveries should be administered separately and not linked to the grant award. This procedure is particularly important where the anticipated recovery is tax funds or the reimbursement of any other type of after expenditure costs. Tax issues are always complicated and results are always uncertain. In our case, where the program performance was tied to the funding through the recovery of taxes paid, a failure of the recovery to work smoothly hurt program performance (see section 3.14). Even if the funds are now recovered, the benefit of those funds to the intended mission of OFDA is lost.

6. ISSUES FOR FUTURE CONSIDERATION

6.1 FUTURE ISSUES TO ADDRESS, SUMMARY

The performance of this contract raised a number of issues that need to be addressed with regard to shelter relief and development. Eight such issues are addressed in this part of the report. Our discussion starts with a presentation of the characteristics of the issue and then indicates the impact of the issue on our program. All of these issues are interrelated. We make no attempt to indicate these interrelationships or to prioritize the importance or impact of these issues. The listing here is completely arbitrary. The eight issues are:

(a) **Attitude.** Within the relief and development community, shelter must be viewed as a continuum for long-term, sustainable development, and an economic and capital asset, not a one-time consumable. Shelter is more than four walls and a roof. Funding and programming need to reflect this perspective.[46]

(b) **Shelter as a Gravity Center to Civic Development.** In the relief and development environment, shelter evolves as the leading edge of development responses, and attracts and influences the other infrastructure areas.

(c) **Shelter Economic Attributes.** Every shelter program has embedded within it, whether recognized or ignored, a set of potent economic factors. Every shelter program should adequately address the existence and consequences of these factors with regard to the program at hand. These factors are as much a part of a shelter program as are the bricks and mortar, and they exist and act whether we control them or ignore them.

(d) **Shelter Democratization and Government Stability Attributes.** Like economics, every shelter program has embedded within it acting democratization factors. If these factors are not properly addressed and nurtured to fit with the developing environment, then shelter implementation is compromised, and much of the long term infrastructural value of the shelter effort can be lost.

[46] For a discussion of the impact of political attitudes on shelter programs see section 3.12.

(e) Shelter Comprehensive Model. The shelter community does not have an adequate and comprehensive set of definitions, standards, methodologies, best practices and delivery methodologies that reflect the real nature and role of shelter in the world of relief and development. This framework provides the foundation for the infrastructure necessary to advance and coordinate the role of shelter in world relief.

(f) Comprehensive Shelter Delivery Model. The shelter community does not have an adequate, overall service delivery model that relates the various perspectives, needs, issues and resources as the shelter sector moves forward along the shelter curve.

(g) Need for a Knowledge and Intellectual Center to Support the Shelter Sector. Shelter is in reality a discipline of its own, but it lacks an identified and established intellectual support infrastructure.

(h) Need for a Uniform, Comprehensive Assessment Framework. The shelter community does not have an effective assessment model that takes into account the multi-task, multi-use and multi-provider nature of the shelter service sector and which matches the shelter curve.

6.2 ATTITUDE

Whether because of lack of understanding or the inertia of tradition, there is an attitude that in relief and development, shelter is a consumable product consisting of four walls and a roof. It is difficult to deal with this misconceived attitude because it is not a cause of a problem, but rather a symptom of the disarray of the shelter sector. This misunderstanding will not be obliterated until the other problems raised in this section are resolved.

6.3 SHELTER AS A GRAVITY CENTER TO CIVIC DEVELOPMENT

6.3.1 Discussion. As shelter activities advance from relief-driven responses to development participation, the importance of the shelter sector as a driving and coordinating role becomes more and more evident. The genesis of this center of gravity nature of shelter is the fact that infrastructure components such as schools, roads, hospital, water, sewer, electrical, etc., coagulate where people congregate and people congregate where they live, and people live where they have good, stable shelter. In the initial stage of shelter (emergency relief), the interaction of shelter with the other infrastructure elements is minimal. As the shelter process proceeds to redevelopment and on to institutionalization, the interactions become almost critical. One can build schools, but such buildings do no good if they are not where people will live. People will be and stay where they have long term shelter on which they can rely. This emergence of shelter as the center of action, pulling the other infrastructure responses with it, is what we refer to as the “gravity center” character of the shelter sector. Ultimately, shelter sets the topology into which the other infrastructure areas are set.

The important realization here is that shelter has this center of action influence. We need to develop shelter program strategies and models to adequately plan, structure, phase and coordinate these issues right at the beginning of every shelter program so that there will be:

smoother transitions during the relief-development process; more efficient application of infrastructure resources; and, better long-term planning.

6.3.2 Program Impact. The 2001-2002 shelter experience in Macedonia provides an apt example. The 2001 Macedonian crisis ended about July of 2001 when the Macedonian Framework Agreement was signed. From the beginning, the government's concern was the long term rebuilding of the housing stock of the crisis area. As the 2001 winter approached, the traditional humanitarian housing relief needs took center stage as concerns for winter survival of those displaced by the war grew (see section 3.1.3). For reasons discussed elsewhere in this report, the shelter sector got off to a late start. The shelter sector ultimately conceded that the rebuilding component of the shelter sector (the reconstruction) could not get started until the spring of 2002. The rebuilding approach would be that the humanitarian (relief) shelter work would start the process, completing their work by the start of the 2001 winter, and the reconstruction effort would follow in the spring of 2002. In hindsight, the stage should have been set for a well designed and coordinated relief-development program – but it wasn't.

As it turned out, a very discernable dividing line occurred between the pre-winter shelter work (humanitarian relief) and the post-winter shelter work (infrastructure rebuilding). What should have been a reasonably smooth transition was a rough ordeal. The methods of operation comprising the relief side did not mate with the methods of operation envisioned for the development side and vice versa. Assessments were questioned and redone, sometimes negatively affecting what was already done, and not necessarily setting a solid information base for what needed to be done. Government coordination and management groups, and others, became functionally inept as the "gravity center" aspect of the program took hold. Everyone looked to someone else for direction. In the governmental sector, the focus for these issues landed on the CRIM (see section 3.1.2). Like everyone else, the CRIM was initially focusing on dealing with relief because that is where the internationals were, and design-wise, that is as far as the future planning went. Since there was no umbrella framework (see section 6.6) for shelter and no concomitant delivery model (see section 6.7) to guide thinking, why would anyone think differently? When the time came to make the transition from shelter relief to infrastructure development, the perspectives and tools needed to plan, lead, manage, coordinate and phase the transition were not in place.

In Macedonia, this phase transition and the interrelationship issues were important because the failure to adequately address them caused a significant dislocation in the program and inhibited the return of IDPs, particularly ethnic Macedonians, from returning to their homes. The failure of Macedonians to return to their former villages was seen as a significant variable in stabilization.

It is instructive to draw a distinction between the shelter action in Kosovo and the shelter action in Macedonia. In Kosovo, the governmental infrastructure was destroyed concurrent with the physical infrastructure. Therefore, the shelter activities expanded in unison with the governmental infrastructure growth. The traditional shelter model did not run into any speed bumps because there was no government direction different from the housing relief direction; not so in Macedonia. Macedonia always had a functioning government, both during the 1999 refugee crisis and the 2001 conflict crisis. The government may have been weak, but it was still a government, and it wanted to have the input, control, decision making and oversight that all governments want with regard to activities taking place in its jurisdiction. So although the government could not respond as it should have, it was working its way toward more involvement. As the shelter program expanded, it was always expanding into the maturing governmental management infrastructure, and a collision was inevitable. When the repair and

reconstruction program finally took shape with humanitarian relief (mostly repair oriented) occupying the pre-winter 2001 period and the reconstruction work (developmental rebuilding) occupying the spring 2002 period, the changing of the guard from shelter relief to infrastructure development became noticeable, important and confusing. It did not take long for the entities involved to feel overwhelmed by the issues that were precipitated by the pivotal roll of shelter.

The discussion here is not to castigate anyone, but to bring home the point that we in the shelter sector have a systemic problem which we urgently need to address. We need to understand the shelter curve and the gravity center nature of housing, and we need to incorporate these concepts into our shelter planning from day one if the shelter community is to be efficient and effective in the long term. For OFDA programs, this need is particularly important because of the nature of the OFDA mandate as an emergency bridging response on the shelter curve.

6.4 SHELTER ECONOMIC ATTRIBUTES

Shelter, being infrastructure and involving construction, has significant, potential economic ramifications. It is just as important that the economic factors of shelter be considered and enhanced as it is that the direct shelter benefits to the recipients be attained. We have already outlined the major economic factors attributable to shelter in section 3.11.1 of this report and so we will not repeat them here.

The critical point to be made is that economic considerations in shelter are as important as any other factor including the humanitarian crisis goal emergency shelter. As one moves along the shelter curve (see section 6.6), economic factors become more and more dominate. The consideration of economic factors in this program is discussed in section 3.11.

6.5 SHELTER DEMOCRATIZATION AND GOVERNMENT STABILITY ATTRIBUTES

6.5.1 Discussion. Shelter creation involves real property; real property requires property law; and law requires stable civil government. All of which ultimately leads to individual rights. The manner in which shelter programs are initiated, implemented and operated can create important and direct links to the enhancement of democracy and the stabilization of civil government:

(a) Title law issues are always buried in shelter projects. Housing cannot be built except with the approval and consent of the title owner. The clarification of title rights and helping the government authorities remake or improve the reliability and functionality of its title evidence and recordation systems is important to property rights, government credibility and citizen confidence, all of which are factors in government stability.

(b) Real estate is a standard revenue source to government, and a system that fairly taxes real estate is important to citizen acceptance and government stability. Assisting governmental authorities to establish accurate parcel identification, plating, cadastral mapping and building assessments, contributes to government operations, engenders fair tax systems, and enhances individual property ownership confidence and proper property development.

(c) Reliable and legally verifiable private ownership of property gives owners a stake hold in their government. The ownership gives them a reason and need to participate in their government (to protect their property) and to help maintain their civil society (to develop their property). Individual ownership of property directly links to a society of ordered liberty, individual rights and a society based on the rule of law. The development of the English and American systems of law can be directly traced to the development of property law as it grew from the feudalistic system of old England and such events as the signing of the Magna Carta.

6.5.2 Program Impact. Macedonian property law presented shelter issues almost from the start as discussed in section 3.1.2 (c). For our specific program, this subject did not have a major impact, because the government effectively removed this issue from consideration as far as the repair and relief programs were concerned. This action by the government did not alleviate the issues; it merely postponed the matter.

6.6 SHELTER COMPREHENSIVE MODEL

6.6.1 Discussion. The shelter sector is a sector looking for definition. As such, it does not have a generally accepted model that defines what the shelter sector is, what its characteristics are and how it functions. The sector lacks a uniform vocabulary, established standards and best practice methodologies. In fact, there is not even agreement on what the name of the sector should be[47]. In essence, shelter is a continuum; it is a dynamic process consisting of five general phases which in turn may be divided into identifiable segments.

PHASES	POSSIBLE SEGMENTS
PRE-CRISIS	
CRISIS	
RELIEF	Emergency response, transitional shelter, repair
DEVELOPMENT	Rehabilitation, reconstruction, rebuilding
INSTITUTIONALIZATION	Neighborhood development, civil advancement, housing sustainability

Illustration 7 models the shelter curve[48]. Every shelter undertaking moves along this curve. The degree to which any specific phase is involved in a particular undertaking depends on the unique characteristics of that undertaking. The model is not a cookie cutter; it is an algorithm which is shaped each time by the boundary values of a particular set of shelter sector circumstances.

Every shelter activity must be viewed in the full continuum. We must know where we are on the shelter curve at all times so that the shelter community can coordinate its activities,

[47] The issue of what constitutes shelter was raised in Aracinovo. As part of the "terrorist attitude," most houses were vandalized. Cabinets were ripped from walls and taken, furniture and appliances were taken, and houses gutted of belongings. In the minds of the villagers, the connection arose that "repairing" a house also included "outfitting the interior," a concept which is not within the normal repertoire of "repair and reconstruction" of most of the shelter NGOs. This definition issue also had political consequence and impacted the operation of the program.

[48] Illustration 7 is referred to as the "molecular" model of the shelter curve. The transition points (the mating of the segments) are where many of the program continuity problems occur. We need to create strong "covalent" bonds at these points rather than the weaker "ionic" bonds.

and seamlessly adjust its roles and methodologies as a given shelter program evolves along the shelter curve. Without the model, we do not have the proper guideposts for our assessments, standards, methodologies, resource allocations and coordination protocols.

6.6.2 Program Impact. Macedonia, after the 2001 crisis, had a full continuum of destruction from minimal to total; we had an approaching winter; and the Republic wanted full reconstruction to institutionalization. Macedonia was the perfect situation of the shelter model, which, of course, did not exist. The result was a cacophony since we were not all reading from the same sheet of music. Some implementers were concerned with what to do quickly to shelter people for the winter (shelter kits, one-warm-dry-room). Some implementers were concerned with returning people to their homes, and some were concerned with reconstruction of houses and long term rebuilding. How did all these implementers fit into one grand scheme for Macedonia? How do these different responses interrelate and mate with one another? How should the whole situation be coordinated? Months were consumed debating and struggling with these kinds of issues because there was no accepted model to which we could all look for reference. The lack of a reference model to which we could have all initially related caused the loss of precious time in getting the humanitarian response done and bogged down the planning for the reconstruction (see also section 3.1.3).

The lack of a delivery model left us without a starting "shopping list" of potential concerns. This lack of a standard starting gate wastes time in reinventing the wheel and in helping us, as a group, recognize our real problems. We made many false starts only to find out after the fact that we had forgotten something which we should have identified up front.

One of the most serious defects was the fact that those persons interested in the long term reconstruction were designing their needs without regard to those persons who were interested in the humanitarian response aspects to shelter development and vice versa. In fact, at one time, there were three general program methodologies on the table. An acceptable delivery model at the start would have brought these two shelter activities to integration much sooner and with less contentiousness. A spinoff effect of this delayed program closure was that assessment forms, data capture, classification, storage, indexing and retrieval systems were being designed piecemeal with no regard for the "systems information" needs.

At the October 22, 2002 inter-agency meeting in Skopje, the status of the shelter program was reported thus: the humanitarian and repair component (category 1 and 2 damaged houses) was 97% completed (5,071 houses out of 5,612); coordination of the repair/reconstruction program was turned over from the UNHCR to the European Commission on September 18, 2002 for implementation by the IMG; and the shelter unit within the UNHCR would be closed down October 31, 2002.

The interesting point of note is that 10 months after the program shifted, the implementing structure had not changed. Based on the characteristics of the shelter program as manifested on the ground, the shift from the relief to the development phase should have occurred no later than February 2002, seven months earlier. It can be argued that the failure to have a comprehensive shelter model is in large part the cause of this delay.

6.7 COMPREHENSIVE SHELTER DELIVERY MODEL

6.7.1 Discussion. Once the shelter model is defined, there must be a delivery methodology to make the model functional. This methodology covers: the appropriate

approaches and best practices within the various phases and segments of the shelter curve; how to coordinate the change in operations at transition points; and how to orchestrate and coordinate the shelter situation as it moves along the shelter curve.

As one moves along the shelter curve, dominance factors change. There are many examples:

(a) As the process moves from emergency relief to housing sustainability, economic and business factors take on more and more importance, and shelter activities have an increasing impact on economic attributes (see section 6.4).

(b) In the initial steps of the shelter curve, engineering principles dominate. Later, as the process starts to approach and move into the development phase, architectural practices and community planning issues become more germane.

(c) As the shelter process evolves, its scope and impact expands caused in major part by the gravity center nature of shelter (see section 6.3).

The nature, scope and magnitude of shelter require that no one donor, implementer or coordinator will carry a shelter project from the beginning to the end of the shelter curve. We must always be cognizant that, from the very start of a program, the end result is not our end game but the terminus of the shelter curve. We must develop methodologies to provide for the seamless transition of the right mix of implementers, resources, strategies and implementation measures at each critical transition point to keep the program responsive and obtain the maximum impact effectively and efficiently.

6.7.2 Program Impact. The negative impact of the lack of reference delivery methodologies on the 2001 crisis response program in Macedonia is demonstrated by the problems which the CRIM exhibited, and the coordination problems which occurred with the transition between the repair phase and the reconstruction phase of the 2001-2002 shelter program.

6.8 NEED FOR A KNOWLEDGE AND INTELLECTUAL CENTER TO SUPPORT THE SHELTER SECTOR.

6.8.1 Discussion. Shelter is a discipline, and as our goals for relief and development move toward sustainable civil society, the shelter sector will become the dominate sector. Every discipline needs an intellectual infrastructure to support, maintain and advance its currency, growth and identification. The shelter sector has none of these growth and development resources. The shelter sector needs a center to support the intellectual and research needs of its discipline. The best option is to create such a center at an appropriate university.

6.8.2 Program Impact. The lack of a universal perception of the shelter sector pervades all aspects of the operation of the shelter sector. The lack of uniform reference points, from which the various participants in the shelter process can function, guarantees confusion and conflict. There were many times during the operations of the program where it would have saved time, misunderstanding and false starts if a body of verified and agreed to protocols had been available.

6.9 NEED FOR A UNIFORM, COMPREHENSIVE ASSESSMENT FRAMEWORK

6.9.1 Discussion. Within the shelter sector, we can define an assessment as the collection, analysis and presentation of data for informed decision making. The shelter assessment is a dynamic process which parallels, or should parallel, the shelter comprehensive model (see section 6.6) and the comprehensive shelter delivery model (see section 6.7). From the time the decision to intervene, or to consider intervention, is made until the shelter process ends at institutionalization, the assessment process continues and evolves in bound harmony as the shelter undertaking moves along the shelter curve. At various points (or times) along the assessment curve, data must be delivered to make informed decisions. These decisions include both data for actions (amount of funds to allocate, shelters to construct, specific work to be done, etc.) and data for quality assurance (evaluation of work, impact of benefits, accountability of resources, etc.). As the assessment process moves along its work curve, information is being extracted at program strategic points, and feedback loops are created to adjust and fine tune the shelter delivery activity. Notions, such as needs assessments, technical shelter assessments, evaluations and monitoring are all components of the assessment model and represent different designations to signify either the purpose of the data or the timing of the data need, or both. The assessment model is dynamically analogous to the shelter framework, and consequently, encounters the same systemic needs, coordination issues and transition changes.

6.9.2 Program Impact. The absence of a comprehensive assessment framework during the operation of this program was shown in two significant ways. The first example is represented by the assessment process in Aracinovo as described in section 3.2.2. The second example is represented by the cumbersome manner in which assessment data was handed off and compiled between the emergency repair phase and the reconstruction phase.

7. CLOSING

7.1 SPECIAL MENTIONS

We want to recognize and commend those individuals who were particularly helpful to us in performing this program, and without whose dedication and in-depth understanding this program would not have succeeded. They include:

Charles A. Setchell, Urban Planning and Urban Disaster Management Specialist, United States Agency for International Development, Office of Foreign Disaster Assistance, whose tremendous insights regarding shelter and its relation to humanitarian relief programs, and whose immense practical experience provided the intellectual and realistic guidance that made the program work.

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completed timely and accurately, and provided the work friendly environment that made the project enjoyable – an almost impossible task in an emergency relief undertaking.

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Zoran Petrovski, our project fiscal officer, who managed all the money and kept all the financial records for the project. His superb accounting skills kept us on budget and kept the cash flow in synchronization with production needs.